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INTERNATIONAL INTELLECTUAL PROPERTY SCHOLARS SERIES

TRADEMARKS UNDER THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA), WITH REFERENCES TO THE CURRENT MEXICAN LAW

ROBERTO ROSAS*

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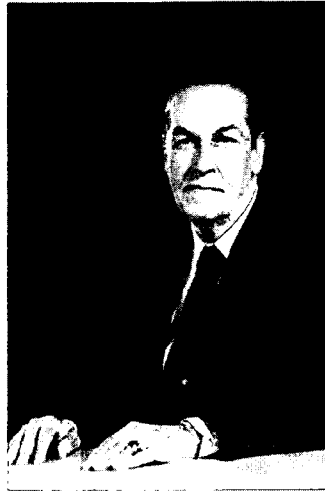
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The author wishes to give thanks to Andrea Díaz for her assistance and also to Juan J. Vásquez for his valuable contribution to this article.

The author would also like to thank Alejandro Malacara Ortiz de Montellano, J.D., LL.M., Managing Partner and founder of Corporate Attorneys Malacara, leading firm in Intellectual Property nationally and internationally, based in Guadalajara, Jalisco, Mexico, for the wise review of Mexican law-related content in this Article.

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I. INTRODUCTION

A trademark is any distinctive sign indicating that certain products or services have been manufactured or rendered by a specific person or company.¹ This concept is currently recognized worldwide; however, the origin of trademarks dates back to antiquity when artisans placed their signatures or “marks” on their products containing an artistic or utilitarian element.² Through time, these marks have evolved to such an extent that today a reliable and efficient system for their registration and protection has been established. Besides protecting owners of trademarks, this system also helps consumers identify and purchase goods or services, which because of the essence and quality of their “unique” trademarks meet their needs.

These observations serve as an introduction to this article consisting of five parts. Part two begins with a brief explanation of the North American Free Trade Agreement (NAFTA) leading to part three, the study of trademarks under chapter XVII of the Agreement. It is important to mention that part of the study of definitions and norms that this part contains is based on the trademark doctrine of Spain.³ Attempting to explain trademarks under NAFTA, excellent Spanish commentators are cited through their works.

Part four explains how NAFTA’s trademark regulations were applied to the Mexican legal system, which allows us to observe the practical implementation of this important Agreement within the legal system of one of the participating member states. It is noteworthy to mention that through international agreements like NAFTA, one can witness the convergence of countries with distinct legal traditions, such as Mexico and the United States, and in large part Canada, and the unification of the asymmetry that exists between these

1. See BLACK’S LAW DICTIONARY 1630 (9th ed. 2009) (defining trademark as “a word, phrase, logo, or other graphic symbol used by a manufacturer or seller to distinguish its product or products from those of others”).

2. See Mohammad Amin Naser, *Re-Examining the Functions of Trademark Law*, 8 J. INTELL. PROP. 99, 100 (2008-2009) (noting that the earliest uses of trademarks were intended to denote ownership); Sidney A. Diamond, *The Historical Development of Trademarks*, 65 TRADEMARK REP. 265, 265 (1975) (positing the original use of trademarks was to denote ownership of personal property); Benjamin G. Paster, *Trademarks-Their Early History*, 59 TRADEMARK REP. 551, 551 (1969) (discussing the first use of trademarks as a method of identifying the work of artisans); see also Gerald Ruston, *On the Origin of Trademarks*, 45 TRADEMARK REP. 127, 127 (1955) (stating that early marks on earthenware were prototypical trademarks identifying the maker of the object).

3. See Paul Maier, *OHIM’s Role in European Trademark Harmonization: Past, Present and Future*, 23 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 687, 692 (2013) (discussing the role Spain plays in international trademark law, in that the European Trademark Office is located in Alicante, Spain); Erica Pruetz, *Protecting Car Design Internationally: A Comparison of British and American Design Laws*, 24 LOY. L.A. INT’L & COMP. L. REV. 475, 494 (2002) (emphasizing the importance of Spain in international trademark law in the location of the Community Trademark Office in Spain, with the purpose of creating a single market for intellectual property).

countries. The Agreement's effect on *Trade Related Aspects of Intellectual Property Rights* (TRIPS) within the Mexican trademark legislation before NAFTA was signed is explained, as is the worldwide impact of the Agreement. Finally, part five discusses the introduction of Mexico into the international trademark arena, sets forth the international treaties that involve trademark matters that Mexico has entered into, as well as those that are still pending, and explains the impact those treaties might have on the future of NAFTA.

II. WHAT IS NAFTA?

During the first months of 1990, representatives from the Mexican government initiated talks with representatives of the United States to analyze the possibility of negotiating a free trade agreement between the two nations, which would also include Canada.⁴ Signing such an agreement signified one of the boldest and most important steps in Mexico's economic future because it represented a major integration with the strongest and most developed economy in the world, despite distant relations between the two countries.⁵ The North American Free Trade Agreement became effective on January 1, 1994, when it was signed by the heads of state of Mexico, Canada and the United States and subsequently ratified by the legislative bodies of each of the three countries.⁶ Starting with the establishment of a free trade area agreed to by the three parties, the Agreement is a collection of rules that serve to regulate the

4. See M. Angeles Villarreal & Ian F. Fergusson, CONG. RESEARCH SERV., R42965, NAFTA AT 20: OVERVIEW AND TRADE EFFECTS 4 (2013) (discussing the negotiations between the U.S. and Mexico that would lead to NAFTA); Kenneth W. Abbott & Gregory W. Bowman, *Economic Integration in the Americas: "A Work in Progress"*, 14 NW. J. INT'L. L. & BUS. 493, 494 (1994) (discussing the 1990 initiation of NAFTA negotiations between the U.S. and Mexico); see also LEONEL PEREZNIETO CASTRO, DERECHO INTERNACIONAL PRIVADO. PARTE GENERAL 257 (7th ed. 2001) (indicating that a free trade agreement signifies that the participant countries assume the responsibility of reducing tariffs on their products and establishing favorable conditions for increasing trade in services and investments, which should be completed by the deadlines established under the Agreement).

5. See Villarreal, *supra* note 4, at 9 (stating that NAFTA represents a trade agreement between two economically developed and one less economically developed country); Jack I. Garvey, *Regional Free Trade Dispute Resolution as Means for Securing the Middle East Peace Process*, 47 AM. J. COMP. L. 147, 163 (1999) (stating that NAFTA brought together developed and developing countries); see also SIDNEY WEINTRAUB, MATRIMONIO POR CONVENIENCIA, TLC: ¿INTERGRACIÓN O DIVORCIO DE ECONOMIAS? 299 (1st ed. 1994) (describing that the México-United States relationship is characterized by great tensions, in that differences separate the two countries, while their mutual dependency brings them together, and both forces are always present).

6. See Villarreal, *supra* note 4, at 1 (stating that NAFTA has been in effect since 1994); David M. Gould, *Has NAFTA Changed North American Trade?*, Federal Reserve Bank of Dallas 12, 12 (2009), available at <http://www.dallasfed.org/assets/documents/research/er/1998/er9801b.pdf> (noting that NAFTA took effect in 1994); Lucien J. Dhooze, *The Revenge of the Trail Smelter: Environmental Regulation as Expropriation Pursuant to the North American Free Trade Agreement*, 38 AM. BUS. L. J. 475, 480 (2001) (listing the effective date of NAFTA as January 1, 1994).

exchange of capital, services, and goods, which has occurred among the three countries for some time.⁷

Previously, these exchanges were regulated by a collection of narrow agreements and provisions, the limited scope of which discouraged long-term investment by introducing uncertainty over the future of mutually agreed upon advantages.⁸ Currently, the Agreement provides security and confidence to investors and exporters contemplating exchanges because it sets forth deadlines for reductions in tariffs.⁹ Furthermore, rules are established to determine the origin of products and in this manner preference is given to exchanges between the three signatories to the Agreement.¹⁰ Finally, rules and procedures to resolve disputes arising over the interpretation and application of the Agreement were also created.¹¹ This collection of rules permits the countries involved, particularly Mexico, to increase exports, to attract investments, and to create higher-paying jobs.

7. See LESLIE ALAN GLICK, UNDERSTANDING THE NORTH AMERICAN FREE TRADE AGREEMENT: LEGAL AND BUSINESS CONSEQUENCES OF NAFTA 3 (Kluwer Law Int'l ed., 3rd ed. 2010) (identifying NAFTA as an agreement to remove barriers to trade and investments in both goods and services between the U.S., Mexico, and Canada); see also Johanna Rinceanu, *Enforcement Mechanisms in International Environmental Law: Quo Vadunt?*, 15 J. ENVTL. L. & LITIG. 147, 163 (2000) (stating that NAFTA establishes a free trade zone between its three member nations).

8. See M. Angeles Villarreal, CONG. RESEARCH SERV., R40784, MEXICO'S FREE TRADE AGREEMENTS 1, 5 (2012) (noting the disparity between the countries in NAFTA negotiations); Barry A. Feinstein & Mohammed S. Dajani-Daoudi, *Permeable Fences Make Good Neighbors: Improving a Seemingly Intractable Border Conflict Between Israelis and Palestinians*, 16 AM. U. INT'L L. REV. 1, 110-122 (2000) (describing the history of animosity between the U.S. and Mexico); see also David M. McPherson, *Is the North American Free Trade Agreement Entitled to an Economically Rational Countervailing Duty Scheme?*, 73 B.U. L. REV. 47, 47 (1993) (stating that Mexico has a history of mistrust of the United States).

9. See James E. Bailey, *Free Trade and the Environment- Can NAFTA Reconcile the Irreconcilable?*, 8 AM. U. J. INT'L L. & POL'Y 839, 844 (1993) (stating that NAFTA aims to, among other things, reduce tariffs); David A. Gantz, *A Post-Uruguay Round Introduction to International Trade Law in the United States*, 12 ARIZ. J. INT'L & COMP. L. 7, 15 (1995) (listing the deadline for eliminating tariffs as 15 years); see also McPherson, *supra* note 8, at 48 (describing NAFTA's aim to facilitate trade by eliminating tariffs).

10. See Gantz, *supra* note 9, at 15 (describing the preferential treatment between member nations); see also Philip L. Martin, *Economic Integration and Migration: The Case of NAFTA*, 3 UCLA J. INT'L L. & FOREIGN AFF. 419, 425 (1998) (listing as a principle of NAFTA the commitment to extend to NAFTA countries the trade preferences extended to non-NAFTA countries).

11. The four main subjects for dispute resolution are as follows: investment under chapter XI, section B; financial services under article 1415; review and resolution of controversies for antidumping matters and countervailing quotas under chapter XIX; and institutional and procedural provisions for resolution of disputes under chapter XX. See CASTRO, *supra* note 4, at 259 (emphasizing that the mechanism of dispute resolution is the most complete method of those established in NAFTA, to resolve conflicts between the parties); Jack I. Garvey, Current Developments, *Trade Law and Quality of Life-Dispute Resolution Under the NAFTA Side Accords on Labor and the Environment*, 89 AM. J. INT'L L. 439, 441 (1995) (discussing the dispute resolution mechanisms of NAFTA); see also Garvey, *supra* note 5, at 164 (describing the means for dispute resolution within the framework of NAFTA).

NAFTA acknowledges, through its differential implementation of tariff reduction, the differences in the level of economic development among the three countries. Since NAFTA took effect in 1994, all tariffs and most non-tariff barriers on goods produced and traded within North America were eliminated.¹² Thanks to these actions Mexico immediately exported, free of quotas or taxes, textiles, automobiles, gas heaters, livestock, strawberries and other products. Mexico was able to immediately export beer, computer equipment, and television parts to Canada.¹³ In turn, Mexico opened its borders to approximately 65 percent of industrial and agricultural exports from the U.S.¹⁴

The difference in the timing of tariff reduction acknowledges the asymmetry between the economies of the three countries, and also provides Mexican entrepreneurs additional time to adapt to the new circumstances of the Agreement. It is important to remember that the opening of the Mexican economy to international competition occurred with the admission of Mexico into GATT.¹⁵ Therefore, Mexican companies have known for some time how

12. See Villarreal, *supra* note 4, at 5 (noting that NAFTA eliminated some tariffs immediately and others over a period of fifteen years after it entered into force); Glick, *supra* note 7, at 11 (explaining that all tariffs between the three NAFTA countries were eventually eliminated); see also *The North American Free Trade Agreement (NAFTA)*, EXPORT.GOV, <http://export.gov/fta/nafta> (last visited Apr. 20, 2013) (stating that “the dismantling of trade barriers and the opening of markets has led to economic growth and rising prosperity in all three [NAFTA] countries”).

13. See Glick, *supra* note 7, at 12 (noting that some products, such as electronic equipment and computers were able to enter duty free into Mexico immediately); Guillermo Aguilar Alvarez, *The Mexican View on the Operation of NAFTA for the Resolution of Canada-U.S.-Mexico Disputes*, 26 CAN.-U.S. L. J. 219, 222 (2000) (describing the increase of Mexico’s exports to Canada after the inception of NAFTA); see also Villarreal, *supra* note 4, at 5 (discussing the increase in imports between Canada and Mexico).

14. See Glick, *supra* note 7, at 11–13 (detailing the U.S. products that enjoyed duty free status upon NAFTA taking effect); see also Villarreal, *supra* note 4, at 5 (noting that “[a]t the time that NAFTA went into effect, about 40% of U.S. imports from Mexico entered duty-free and the remainder faced duties of up to 35%”). See generally Jeffrey Lax, Note, *A Chile Forecast for Accession to NAFTA: A Process of Economic, Legal and Environmental Harmonization*, 7 CARDOZO J. INT’L & COMP. L. 97, 121 (1999) (positing that although NAFTA is often assumed to be the cause of the Mexican Peso Crisis, the “improvement of the Mexican trade deficit demonstrates that NAFTA was not a principle cause of the crisis.”)

15. See *The multilateral trading system—past, present and future*, WTO.ORG, http://www.wto.org/english/thewto_e/whatis_e/inbrief_e/inbr01_e.htm (last visited Oct. 16, 2013). GATT was substituted by the World Trade Organization (WTO), which was created by negotiations of *Ronda Uruguay* (1986–1994). On April 15, 1994, the Agreement creating the WTO was signed in Marrakech, Morocco, and was established on January 1, 1995. The seat of government is located in Geneva, Switzerland and consists of 144 member States as of January 1, 2002. The purpose of the WTO is to insure that commerce flows with the utmost facility, freedom, fairness and forethought. It is important to remember that from its creation in 1947–1948 and throughout the eight rounds of final commercial negotiations, GATT always functioned *ad hoc*, without a proper legal foundation. In fact, GATT was not even recognized under international law as an organization. See Eric L. Garner & Michelle Ouellette, *Future Shock? The Law of the Colorado River in the Twenty-First Century*, 27

to face this challenge.¹⁶ For NAFTA, business sectors were consulted before and during the negotiations over the timing and formalities of the reduction of tariffs between Canada and the United States.¹⁷ The Agreement is one of many that Mexico has executed with different countries and regions.¹⁸ Collectively,

ARIZ. ST. L.J. 469, 505 (1995) (stating that Mexico is a member of GATT); *see also* Villarreal, *supra* note 4, at 4 (stating that Mexico joined GATT in 1986).

16. After examining the trade policies of Mexico in April 19, 2013, the World Trade Organization recognized that Mexico successfully overcame “the global financial crisis of 2008-2009 through the implementation of countercyclical fiscal and monetary policies, and supported both by a recovery in domestic demand and exports.” WTO, Trade Policy Review: Mexico: April 2013, available at http://www.wto.org/english/tratop_e/tp_r_e/tp379_e.htm. The WTO also explained that between 2009 and 2013, Mexico has lowered tariffs on a wide range of manufactured goods, making it one of the few countries to “carry out substantial tariff reductions in the aftermath of the global financial crisis, which hit the Mexican economy relatively hard.” *Id.* Furthermore, although the WTO did not see a substantial change to Mexico’s trade policy or its underlying legal framework, it did recognize that the objective of Mexico’s trade policy remains to strengthen and increase Mexico’s participation in world trade through the multilateral trade system and preferential trade agreements, which has resulted in Mexico being one of the countries in Latin America with the largest number of trade agreements. *See id.* at 9; *see also* Luis Malpicca de la Madrid, *Proceedings of the Seventh Annual Conference on Legal Aspects of Doing Business in Latin America: Adapting to a Changing Legal Environment*, 9 FLA. J. INT’L L. 35, 36 (1994) (stating that Mexico became a member of GATT in 1986, thereby evincing its lengthy experience with opening its economy).

17. *See* North America Free Trade Agreement, Official Text, Mexico, 1994, p. vii; Frédéric P. Cantin & Andreas F. Lowenfeld, *Rules of Origin, the Canada-U.S. FTA, and the Honda Case*, 87 AM. J. INT’L L. 375, 385 (1993) (discussing the effect of the business sector on NAFTA negotiations); *see also* Robert F. Housman & Paul M. Orbuch, *Integrating Labor and Environmental Concerns into the NAFTA: A Look Back and a Look Ahead*, 8 AM. U. J. INT’L L. & POL’Y 719, 724–25 (1993) (describing the input of various lobbyists representing the business sector on NAFTA negotiations).

18. *See* Mexico Country Strategy Paper 2007-2013 (EC) No. E/2007/1063 as of 22 May 2007, sec 2.4, 6, available at http://eeas.europa.eu/mexico/csp/07_13_en.pdf (describing that Mexico has pursued an aggressive strategy of trade liberalization, which has resulted in a large number of trade agreements).

The general panorama of Free Trade Agreements that Mexico has entered into is as follows: Mexico-United States and Canada; Mexico-Costa Rica; Mexico-Colombia and Venezuela; Mexico-Nicaragua; Mexico-Chile; Mexico-European Union (27 countries); Mexico-Israel; Mexico-El Salvador, Guatemala and Honduras; Mexico-European Free Trade Union (Ireland, Liechtenstein, Norway, and Switzerland); Mexico- Japan; Mexico-Uruguay; and Mexico-Peru. *See* Villarreal, *supra* note 4, at 4 (discussing the increasing number of FTA’s to which Mexico is a party). Furthermore, the negotiation of a Free Trade Agreement with Singapore, and Panama is being considered, as well as a study of the viability for entering into an agreement with Jamaica, Belize, and Mercosur (Brazil, Argentina, Uruguay and Paraguay).

Mexico and Bolivia had a FTA, loosely based on the NAFTA model, which was effectively terminated when the two governments entered into an agreement called an Economic Complementation Agreement (ECA) in 2010, following a determination by the Bolivian government that the now former FTA’s intellectual property rights provisions (among others), was not compatible with the 2009 Bolivian constitution. *See Mexico y Bolivia Mantiene Libre Comercio de Mercancías Gracias a Nuevo Acuerdo De Complementación* [Mexico and Bolivia Maintain Free Trade Thanks to New Economic Complementation Agreement], SICE, (Apr. 6, 2010), available at http://www.sice.oas.org/tpd/BOL_MEX/Termination/Termination_s.pdf.

For the present study it is important to note the Free Trade Agreement of Mexico-European

these arrangements represent the Mexican strategy of extending and diversifying its commercial and economic relationships.¹⁹

NAFTA is broken into eight parts and subdivided into twenty-two chapters. The contents²⁰ of NAFTA are as follows:

Preamble

First Part. General Aspects

Chapter I. Objectives

Chapter II. General Definitions

Second Part. Trade in Goods

Chapter III. National Treatment and Market Access for Goods

Chapter IV. Rules of Origin

Chapter V. Customs Procedures

Union, particularly the presence of Spain in this Agreement and its connection with NAFTA. Through NAFTA, Mexico has become an attractive “springboard for exports” to the vast markets of the United States and Canada, and in addition to its own population, an integrated market consisting of 100 million consumers. Mexico is the bridge between two great powers: the United States and the European Union. Furthermore, for the communitarian countries, Mexico can make the dreams of all entrepreneurs in the world a reality: to sell their products or services to the United States, the most powerful country on the planet. Spain has a unique opportunity to take advantage of the *Hispano-Mexican* relationship of the recent years, which can be characterized by a closeness and warmth of official relationships, as well as the relationships between the two societies. A brief summary of how the doors were opened to the reencounter would be helpful. See LORENZO MEYER, *EL CACTUS Y EL OLIVO, LAS RELACIONES DE MÉXICO Y ESPAÑA EN EL SIGLO XX, UNA APUESTA EQUIVOCADA* (2001) (indicating that after the conflictive relationship that followed Mexican Independence, Spain took much pain in realizing that it had no other alternative than to treat its former colony on an equal plane); Villarreal, *supra* note 8, at 4 (listing the different countries entering into trade agreements with Mexico); see also Claudio Grossman, *The Evolution of Free Trade in the Americas: NAFTA Case Studies*, 11 AM. U. J. INT’L L. & POL’Y 687, 703 (1996) (using Chile as an example of how Mexico’s bilateral trade has grown).

19. The inclusion of Mexico into GATT signified the beginning of its commercial opening and economic integration with the world, which allowed it to become a commercial world power, estimated to be the world’s thirteenth largest economy, and eighth largest exporter of goods. See Mexico Country Strategy Paper 2007-2013, *supra* note 18, at 64; see also Villarreal, *supra* note 4, at 2 (noting Mexico’s strategy for increasing the number of its trade agreements); Grossman, *supra* note 18, at 702 (discussing Mexico’s economic strategy of increased participation in international trade); *Enlace Mexicano, Secretaria de Relaciones Exteriores* (Mexico, 2000).

20. See ADAME GODDARD JORGE, *CONTRATOS INTERNACIONALES EN AMÉRICA DEL NORTE, RÉGIMEN JURÍDICO I* (1st ed. 1999). The author states that the total contents of NAFTA, from a judicial point of view, can be synthesized by saying that it procures uniformity or harmonization of the foreign trade policy of the three countries. The underlying idea is that free trade is an adequate means for the development of the nations. But neither the foreign trade policies nor the agreement itself are in reality free trade. Free trade is made up of international contracts that the parties (persons or enterprises) enter into with the purpose of exchanging goods or services. The foreign trade policies and the free trade agreements, are to say, only the adequate scenographic for the true agents of free trade to act, these agents are the importers, exporters, manufacturers, the enterprises and entrepreneurs. NAFTA establishes conditions that supposedly should facilitate the entering into international commercial contracts, such as exportations, importations, technology transfer contracts, licenses for use of trademarks and patents, goods transport contracts, and lending of services contracts.

Chapter VI. Energy and Basic Petrochemicals
Chapter VII. Agriculture, Sanitary and Phytosanitary Measures
Chapter VIII. Emergency Measures
Third Part. Technical Barriers to Trade
Chapter IX. Standards Related to Measures
Fourth Part. Government Procurement
Chapter X. Government Procurement
Fifth Part. Investments, Services and Related Matters
Chapter XI. Investments
Chapter XII. Cross-Border Trade in Services
Chapter XIII. Telecommunications
Chapter XIV. Financial Services
Chapter XV. Competition Policy, Monopolies and State Enterprises
Chapter XVI. Temporary Entry for Businesspersons
Sixth Part. Intellectual Property:
Chapter XVII Intellectual Property
Seventh Part. Administrative and Institutional Provisions
Chapter XVIII. Publication, Notification and Administration of Laws
Chapter XIX. Review and Dispute Settlement in Antidumping and
Countervailing Duty Matter
Chapter XX. Institutional Arrangements and Dispute Settlement
Procedures
Eighth Part. Other Provisions
Chapter XXI. Exceptions
Chapter XXII. Final Provisions
Annexes
Agreement of Environmental Cooperation
Agreement of Labor Cooperation

III. NAFTA, CHAPTER XVII, INTELLECTUAL PROPERTY

The provisions of chapter XVII regarding legal institutions of intellectual property will be examined first, followed by the specific provisions regarding trademarks and ending with the application of intellectual property rights, with emphasis on trademarks.

A. General Aspects

1. Nature and Scope of Obligations

“Each Party shall provide in its territory to the nationals of another Party adequate and effective protection and enforcement of intellectual property rights, while ensuring that measures to enforce intellectual property rights do

not themselves become barriers to legitimate trade.”²¹ Similarly, in order to implement the aforementioned protection and enforcement, “each Party shall, at a minimum give effect to this Chapter and the substantive provisions of” the different international conventions on intellectual property matters that are mentioned in the corresponding text, and the three countries shall comply with said conventions if a Party has not acceded to them on or before the date NAFTA goes into effect.²²

2. More Extensive Protection

Each signatory country will be able to establish in its own domestic legislation protection for intellectual property rights greater than that required by this Agreement.²³

3. National Treatment

The articles that deal with this provision can be summarized in the following manner: “treatment no less favorable than that which is accorded to its own nationals;”²⁴ elimination of requirements to receive national treatment;²⁵ exceptions regarding administrative and legal procedures;²⁶ acquisition and maintenance of intellectual property rights with respect to other multilateral treaties “concluded under the auspices of the World Intellectual Property Organization [WIPO].”²⁷

4. Control of Abusive or Anticompetitive Practices or Conditions

This section refers to the adoption of measures to impede the granting of licenses which “constitute an abuse of intellectual property rights having an adverse effect on the competition in the relevant market.”²⁸

B. Trademarks

1. The Concept of Trademarks

The Agreement defines trademarks and then lists *ad exemplum* signs that

21. See North American Free Trade Agreement, 32 I. L. M. 605, 671, at art. 1701(1), available at <http://www.sice.oas.org/trade/nafta/chap-171.asp#A1701> (last visited Apr. 28, 2013) [hereinafter NAFTA].

22. *Id.* at art. 1701(2).

23. *Id.* at art. 1702.

24. See *id.* at art. 1703(1).

25. See *id.* at art. 1703(2).

26. See *id.* at art. 1703(3).

27. See *id.* at art. 1703(4).

28. See *id.* at art. 1704.

can constitute a trademark. It then illustrates some types of trademarks and ends by allowing the participating parties to establish a registration requirement that signs be visible.²⁹ The corresponding text follows:

Article 1708.1. For purposes of this Agreement, a trademark consists of any sign, or any combination of signs, capable of distinguishing the goods or services of one person from those of another, including personal names, designs, letters, numerals, colors, figurative elements, or the shape of goods or of their packaging. Trademarks shall include service marks and collective marks, and may include certification marks. A Party may require, as a condition for registration, that a sign be visually perceptible.³⁰

From the preceding concept and in accordance with legal doctrine, the characteristics of a trademark are as follows: a) an immaterial character; b) with differentiating aptitude; c) that identifies a product or services; d) which is linked to the rule of specialty; and e) a region where the trademark will operate.³¹ As far as what the rule of specialty entails, it is important to mention that this characteristic is related to the classification in the trademark registry. Concerning the region where the trademark is to operate, the same document provides that it is referring to the market formed by the parties to the Agreement. Due to the registration requirement that the sign be visible, current debate has focused on whether such condition excludes the possibility of registering new types of trademarks, commonly called non-traditional marks, such as distinct sounds, names, tastes or feel, which are protected in some jurisdictions.³² Furthermore, the difficulty lies in being able to show that the

29. See *id.* at art. 1708(1).

30. See *id.*

31. See USA-3 WORLD TRADEMARK LAW AND PRACTICE § 3.10 DEFINITION OF A MARK AND GENERAL OBJECTIONS (2009) (discussing the general characteristics of trademarks). See generally ELENA DE LA FUENTE GARCÍA, PROPIEDAD INDUSTRIAL, TEORÍA Y PRÁCTICA 122 (2001) (discussing various aspects of trademarks including the characteristics and rights of owners of trademarks); Muria Kruger, Note, *Harmonizing TRIPs and the CBD: A Proposal from India*, 10 MINN. J. GLOBAL TRADE 169, 183–85 (2001) (discussing the characteristics of trademarks under The Trade-Related Intellectual Property Agreement (TRIPs) which set forth the minimum level of intellectual property rights which must be provided by all states party to the Global Agreement on Tariffs and Trade (GATT)).

32. See Amanda E. Compton, *Acquiring a Flavor for Trademarks: There's No Common Taste in the World*, 8 NW. J. TECH. & INTELL. PROP. 340, 342 (2010) (discussing the evolution of U.S. trademark law to include non-traditional marks); Anne Gilson LaLonde & Jerome Gilson, *Getting Real with Nontraditional Trademarks: What's Next after Red Oven Knobs, the Sound of Burning Methamphetamine, and Goats on a Grass Roof*, 101 TRADEMARK REP. 186, 188 (2011) (lamenting the difficulty of non-traditional marks to be distinctive enough to be acceptable trademarks, but highlighting the fact that some are acceptable); see also Agreement on Trade-Related Aspects of Intellectual Property Rights, Dec. 15, 1993, Annex 1C, art. 15.1, 33 I. L. M. 81, 89 (1994) (describing

sign is visible, i.e., it can be represented graphically. This requirement is imposed upon each party to the Agreement.³³

2. Rights of the Owner of Registered Trademarks

The Agreement clearly establishes the scope of the right, specifically the general privileges of prohibition or *ius prohibendi*, the owner of a registered trademark possesses:

Article 1708.2. Each Party shall provide to the owner of a registered trademark the right to prevent all persons not having the owner's consent from using in commerce identical or similar signs for goods or services that are identical or similar to those goods or services in respect of which the owner's trademark is registered, where such use would result in a likelihood of confusion. In the case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any prior rights, nor shall they affect the possibility of a Party making rights available on the basis of use.³⁴

The first point to consider is the risk of confusion, the same issue identified by legal doctrine as one of the fundamental tenets of trademark law. It must first be recognized that the risk of confusion is one of the central issues of unfair competition and trademark law. The renowned Spanish commentator, Fernández-Nóvoa, writes, "the risk of confusion between a trademark and another trademark is a part or mechanism that operates in different sectors of trademark law. One of the basic objections to registration of trademarks is the likelihood of risk of confusion of the proposed trademark with a previously registered trademark."³⁵ The author further states that the risk of confusion must always be resolved from the perspective of the consumer public interested in the acquisition of products or services.³⁶ Indicating that the risk of confusion flows from the similarity of the competing signs, much like another basic

the types of trademarks covered under the agreement). See generally CARLOS FERNÁNDEZ-NÓVOA, TRATADO SOBRE DERECHO DE MARCAS 41 (2nd ed. 2004).

33. See NAFTA, *supra* note 21, at art. 1708(1).

34. See *id.* at art. 1708(2).

35. FERNÁNDEZ-NÓVOA, *supra* note 32, at 190; see also Compton, *supra* note 32 (discussing the problem of confusion between trademarks); Timothy W. Blakely, Comment, *Beyond the International Harmonization of Trademark Law: The Community Trade Mark as a Model of Unitary Transnational Trademark Protection*, 149 U. PA. L. REV. 309, 326–28 (2000) (discussing the Trademark Directive issued by the European Council to the member states of the European Union addressing in part the risk of confusion on the part of the public with previously registered trademarks).

36. See FERNÁNDEZ-NÓVOA, *supra* note 32.

factor: the identity or similarity of the products or services themselves,³⁷ he concludes that this “one factor as well as the other establish the boundaries of *ius prohibendi* for the owner of the registered trademark.”³⁸

Attempting to further explain the nuance behind the right granted to the owner of the registered trademark, De la Fuente Garcia, a professor at the prestigious Universidad Europea de Madrid, maintains that the trademark owner,

does not exercise an absolute dominion over the sign but only over the products or services for which the holder has registered the trademark. The holder may oppose only those applications that utilize the trademark on identical or similar products. The *ius prohibendi* granted by law to oppose the use of trademark extends itself only to a specific class of products or services, not to all products identifying themselves with the same trademark.³⁹

The fundamental right to oppose the use of a trademark arises when the similarity between the goods or services and signs have a high probability of confusion, and more so if identical. This provision relates to the constraint or *ius prohibendi*, which circumvents the right of the owner of a registered trademark. The boundaries of *ius prohibendi* are complemented by the positive power of *ius utendi*, which is granted to the owner of the registered trademark under the Agreement.⁴⁰

3. Use of Trademarks

The Agreement provides that each party may subject use of a trademark to registration.⁴¹ Nevertheless, the effective use of a trademark is not a

37. *See id.*

38. *Id.* at 264; *see* Kexin Li, *Where is the Right Balance?—Exploring the Current Regulations on Nontraditional Three-Dimensional Trademark Registration in the United States, the European Union, Japan, and China*, 30 WIS. INTL. L.J. 428, 434 (2012) (noting that one of the objectives of trademarks is to give the owner the exclusive use of the mark); Blakely, *supra* note 35, at 328 (discussing article 5(1)(b) of the Trademark Directive issued by the European Council which, in previous drafts, gave the owner of a trademark the exclusive right to prevent the use of his mark or a similar sign for the same or similar goods if by such use there was serious likelihood of confusion on the part of the public).

39. GARCÍA, *supra* note 31, at 141; NAFTA, *supra* note 21, at art. 1708(2) (discussing the rights afforded to trademark owners by the member countries of NAFTA); *see* Li, *supra* note 38, at 434 (explaining that national trademark offices serve to facilitate searches by third parties that can be used in opposition procedures against a trademark application).

40. *See infra* notes 65–67 and accompanying text. Translation: *jus* = the right (legal right); *prohibendi* = to restrain, hinder, forbid, prevent. *Id.*

41. *See* NAFTA, *supra* note 21, at art. 1708(3).

prerequisite for applying for registration.⁴² The Agreement further provides, in the final section of the corresponding Article, that a party may not reject any application based solely on the allegation that the asserted use has not taken place before the expiration of a term of three years commencing on the date that the application was filed.⁴³ Legal doctrine considers that use is not indispensable to the creation of the trademark.⁴⁴ In other words, the fact that the product has not been introduced into the stream of commerce does not mean that the trademark has not been created. “Use is only necessary for the conservation of the trademark and for maintaining an indefinite right of form, and to avoid the expiration of the trademark.”⁴⁵

4. Procedure for Trademark Registration

Each country who is party to NAFTA must establish a trademark registration system and simplify the formalities for acquiring and maintaining trademarks.⁴⁶ Simplification means adopting clear uniform requirements for trademark registrars commensurate with the capabilities of the signatory to the Agreement.⁴⁷ The Agreement establishes basic, general conditions to

42. See *id.* at art. 1708(3) (providing that a trademark owner does not have to put his trademark into use before registering it); J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION: NAFTA AND GATT TRIPS USE OF THE DOCTRINE, § 29.63 (5th vol. 2013) (discussing Article 1708 of NAFTA and comparing it with other intellectual property laws).

43. See NAFTA, *supra* note 21, at art. 1708(3).

44. See *id.* at art. 1708(3) (stating that “actual use of a trademark shall not be a condition for filing an application for registration”); see also Agreement on Trade-Related Aspects of Intellectual Property Rights, *supra* note 32, at 89 (explaining that the actual use of a trademark is not a precondition for filing an application for registration); Stacey L. Dogan & Mark A. Lemley, *Grounding Trademark Law Through Trademark Use*, 92 IOWA L. REV., 1670, 1675–77 (2007) (discussing the evolution of U.S. law with regards to the use requirement for registration of trademarks).

45. See Dogan & Lemley, *supra* note 44 (discussing the requirement of use of a trademark to avoid trademark cancellation); NAFTA, *supra* note 21, at art.1708(8) (providing that member states “shall require the use of a trademark to maintain a registration [under NAFTA].”) See generally GARCÍA, *supra* note 31, at 61.

46. See NAFTA, *supra* note 21, at art. 1708(4) (listing the requirements for a trademark registration system); see also Laurinda L. Hicks & James R. Holbein, *Convergence of National Intellectual Property Norms in International Trading Agreements*, 12 AM. U. J. INT’L L. & POL’Y 769, 794 (1997) (discussing the requirement for parties to implement a trademark registration system under Article 1708(4) of NAFTA).

47. See Christopher Hunter, William Manson, & Margaret Ann Wilkinson, *Intellectual Property Rights in the Canada – United States Relationship*, 36 CAN.-U.S. L.J. 169 (2012) (discussing the framework under NAFTA and alluding to its purpose of uniformity); Walter G. Park, *Technology Trade and NAFTA*, American University, Department of Economics, Working Paper (2007) (noting that NAFTA provisions set minimum international intellectual property standards which are intended to strengthen the intellectual property regimes of the three countries); Elke Elizabeth Werner, *Are We Trading Our Lanham Act Away? An Evaluation of Conflicting Provisions Between NAFTA and North American Trademark Law*, 2 SW. J. OF L. & TRADE AM. 227, 252 (1995) (describing NAFTA’s requirement for fairness and uniformity in registration of trademarks). See generally NAFTA, *supra*

normalize trademark registration and to grant minimum rights to the applicant.⁴⁸

The specific requirements for a trademark registration system are:

- a. Examination of the application;
- b. Notice to the applicant of any reasons for the refusal to register a trademark;
- c. Reasonable opportunity for the applicant to respond to the notice;
- d. Publication of each trademark either before or promptly after it is registered; and
- e. Reasonable opportunity for interested persons to petition for a cancellation of the registration of a trademark.⁴⁹

These are minimum standards that each party shall develop more specifically through its own trademark legislation.⁵⁰

5. Objects that are Distinguished by the Trademark

What constitutes a trademark? The possibilities are practically unlimited, for products as well as services. Legal doctrine and legislation generally define “sign” as any sign that enjoys a distinctive force capable of graphic representation and not prohibited by legislation, which may be adopted as a trademark.⁵¹ The Agreement also states that “the nature of the goods or services to which the trademark is to be applied shall in no case form an obstacle to

note 21, at art. 1708 (listing the rules pursuant to which trademarks are registered and used under NAFTA).

48. See NAFTA, *supra* note 21, at art. 1701 (defining the general purpose of the agreement between Mexico, Canada, and the United States).

49. See *id.* at art. 1703(4) (specifying the necessary elements for establishing a trademark registration system).

50. See generally Park, *supra* note 47, at 3 (stating that “[a]ll three NAFTA countries have incorporated the . . . NAFTA provisions into their national intellectual property laws”); James A.R. Nafziger, *NAFTA’s Regime for Intellectual Property: In the Mainstream of Public International Law*, 19 HOUS. J. INT’L L. 807, 815–16 (1997) (demonstrating that while each of the three countries involved in the NAFTA agreement adhere to general basic rules they diverge on details regarding trademarks); see also NAFTA, *supra* note 21, at art. 1701 (describing that Mexico, Canada and the United States must adhere to certain minimum standards set forth in NAFTA but aside from those they may create their own unique trademark registration systems).

51. See NAFTA, *supra* note 21, at art. 1708(1) (stating the definition of a trademark under the terms of NAFTA’s agreement, stating “a trademark consists of any sign or any combination of signs, capable of distinguishing the goods or services of one person from those of another. . .”); see also Horowitz, *supra* note 31 (describing the general characteristics of a mark); Clark W. Lackert, *Global Trademark/Copyright Practice – Protection and Enforcement Issues*, 488 PLI 171, 221–22 (1997) (describing the meaning of the term sign in regards to NAFTA). *But see* Mitchell A. Frank, *Creating and Managing an International Trademark Program*, 410 PLI 141, 186 (1995) (citing that trademarks are found to be unacceptable “when they are devoid of any distinctive character. . .”).

registration of the requested trademark.”⁵²

6. Rules Pertaining to the Notoriety of the Trademark

The notoriously recognized trademark is an important concept, and its protection constitutes a fundamental part of trademark law.⁵³ This protection had a difficult beginning but thanks to legal doctrine and jurisprudence, its recognition has been raised to the international level it enjoys today.⁵⁴ Two important actors play a key role in securing notoriety for a trademark. One is the use by the trademark owner, which allows the mark to gain notoriety, goodwill and prestige.⁵⁵ On the other hand is the consumer who, as Fernández-Nóvoa affirms, “is not just a recipient of the brand, but on the contrary, is an active player that plays a prominent role in the formation process of the brand.”⁵⁶ De la Fuente García affirms that the purpose for the legal protection

52. See NAFTA, *supra* note 21, at art. 1708(5).

53. See Leah Chan Grinvald, *A Tale of Two Theories of Well-Known Marks*, 13 VAND. J. ENT. & TECH. L. 1, 18–19 (2010) (describing the evolution of the notoriously recognized trademark and its importance in promoting a goal of free trade); Anne Hiarling, *Basic Principles of Trademark Law*, 713 PLI 7, 9 (2002) (explaining that the notoriety of trademarks is an important concept within trademark law); see also Sheldon H. Klein, *Understanding Basic Trademark Law 2002*, 713 PLI 121, 125 (2002) (describing in general that the definition and use of trademarks “are words, names, symbols, devices, designs or other distinctive items which serve to identify the source of goods or services and distinguish them from those sold by others”); James A. Rossi, *Protection for Trademark Owners: The Ultimate System of Regulating Search Engine Results*, 42 SANTA CLARA L. REV. 295, 321 (2002) (showing how important trademarks are to society at large in order to avoid problems with others copying from a source).

54. See Grinvald, *supra* note 53, at 18 (noting that the international community has adopted the well-known marks doctrine); Xuan-Thao N. Nguyen, *The Digital Trademark Right: A Troubling New Extraterritorial Reach of United States Law*, 81 N.C.L. REV. 483, 506 (2003) (discussing the importance of the field of trademark law); Sheila D. Rizzo, *Does the Lanham Act Lose Meaning for Companies that Operate Exclusively Over the Internet?*, 10 J. INTELL. PROP. L. 211, 212–13 (2002) (telling the background of the necessities to trademark law); Jerre B. Swann Sr., *Dilution Redefined for the Year 2002*, 92 TRADEMARK REP. 585, 586–87 (2002) (giving the history of trademark law).

55. See Stylianos Malliaris, *Protecting Famous Trademarks: Comparative Analysis of US and EU Diverging Approaches - The Battle Between Legislatures and the Judiciary - Who is the Ultimate Judge*, 9 J. INTELL. PROP. 45, 46–47 (2010) (proposing that the nature of a notoriously recognized mark requires it to gain widespread acceptance through use by the owner); Vincent N. Palladino, *Genericism Rationalized: Another View*, 90 TRADEMARK REP. 469, 472 (2000) (expressing the importance of notoriety within the field of trademarks); see Nancy Dwyer Chapman, *Trade Dress Protection in the United States After the Supreme Court Decision Two Pesos*, in 361 ADVANCED SEMINAR ON TRADEMARK LAW 7, 11–12 (1993) (noticing the role of notoriety in trademark law); see also NAFTA, *supra* note 21, at art. 1701 (defining the general purpose of the agreement between Mexico, Canada, and the United States).

56. CARLOS FERNÁNDEZ-NÓVOA, *TRATADO SOBRE DERECHO DE MARCAS* 28 (2001); Malliaris, *supra* note 55, at 47 (noting that notoriety is based on consumer acceptance of a mark); Lara Pearson, *When Use Alone Just isn't Enough: The Benefits of Federally Registering Trademarks and Copyrights*, 10 NEV. LAW 15 (2002) (explaining the pros and cons of trademarks); see also Peter Ottosson, *Brand-Napping- Goodwill Protection for Well-Known Trademarks*, UNIVERSITY OF

of trademarks is to safeguard the appreciation of quality and prestige that the trademark owner has earned.⁵⁷

Regarding the rules for notoriety of trademarks, the Agreement establishes that to determine whether a trademark is notorious, its reputation in the market should be considered, including its reputation in the member state where it is promoted.⁵⁸ No member states may require that the trademark's reputation be extended beyond the market where those products or services are sold.⁵⁹ Additionally, it was resolved that article 6 of the Paris Convention be applied, with necessary modifications, to services.⁶⁰

Also noteworthy is the *Joint Recommendation Regarding Protection of Industrial Property*, (hereinafter referred to as the Recommendation), adopted by the General Assembly of the World Trade Organization (WTO) in the thirty-fourth Reunion of the General Assembly for Member States of the WIPO on September 20–29, 1999.⁶¹

The Recommendation states that protection be conferred on a notorious trademark through the application of *mutatis mutandis* and the provisions indicated by the Recommendation, which protect them against potentially conflicting trademarks, commercial indicators and potentially Internet domain names.⁶² Furthermore, the Recommendation analyzes factors that should be

GOTHENBERG 5–7 (2010) (describing the concept of goodwill prestige within trademarks).

57. See Garcia, *supra* note 31; Malliaris, *supra* note 55, at 46 (stating that a trademark is a “guarantee of quality”).

58. See NAFTA, *supra* note 21, at art. 1708(6); see also *Amicus Letter of the International Trademark Association in Prefel Sa v. Fahmi Babra et al.*, 92 TRADEMARK REP. 1524, 1532 (2002) (referring to the importance of reputation in member states).

59. See *International Annual Review: The Seventeenth Yearly Review of International Trademark Jurisprudence*, 100 TRADEMARK REP. 329, 486 (2010) (explaining the member state's role in regards to a trademark's reputation).

60. See NAFTA, *supra* note 21, at art. 1708(6) (stating the agreement that integrates the Paris Convention into it); Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, England – France – Sweden – United States, art. 6bis, available at http://www.wipo.int/treaties/en/ip/paris/trtdocs_wo020.html (last visited Feb. 24, 2013) (stating the document referred to in NAFTA).

61. See WIPO, *World Intellectual Property Organization Geneva Assemblies of the Member States of WIPO: Thirty-Fourth Series of Meetings*, Sept. 20–29, 1999 (detailing the specifics of the WIPO meeting), available at http://www.wipo.int/meetings/en/details.jsp?meeting_id=3837 (last visited Mar. 24, 2013); WIPO, *Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications* (Apr. 26, 2002), available at http://www.wipo.int/edocs/mdocs/sct/en/sct_8/sct_8_2.doc (explaining the adoption of the *Joint Recommendation Concerning Provisions on the Protection of Industrial Property* from the “Thirty-Fourth Series” of meetings); see also NAFTA, *supra* note 21, at art. 1701 (referring generally to the field of Intellectual Property law).

62. See WIPO, *World Intellectual Property Organization Geneva Assemblies of the Member States of WIPO: Thirty-Fourth Series of Meetings*, *supra* note 61; WIPO, *Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications*, *supra* note 61; see also WIPO, *Joint Recommendation Concerning Provisions on the Protection Marks, and Other Industrial Property Rights in Signs on the Internet* (referring to the Recommendation's views on Internet matters),

considered in determining whether a trademark is notorious. This helps authorities make such a determination.⁶³ The Recommendation also studies conflicting trademarks, commercial indicators, and Internet domain names.⁶⁴ It should be noted that the Recommendation is not binding on parties to the Agreement. It is advisory only, and should be treated as such. It is not a norm on the subject matter, but rather a guide to orient the countries or regional trading blocks to reconcile their intellectual property legislation.

7. Duration of the Certificate

Recognizing that the right to register a trademark has an exclusivity character, the registered trademark confers upon its owner an exclusive right consisting of two components: a negative one and a positive one.⁶⁵ Focusing on the first component, the *ius prohibendi*, which is also the essential component of the trademark exclusive right, the law grants the owner of the trademark a period known as “duration of protection.”⁶⁶ NAFTA establishes

available at http://www.wipo.org/about-ip/en/development_iplaw/pub845.htm (last visited Mar. 24, 2013).

63. See WIPO, *Joint Recommendation Regarding Provisions for Protection of Distinctive Trademarks*, (art. 2, 1999) (considering what determines if a trademark is notoriously known and giving rules on how to protect well-known marks), available at http://www.wipo.int/about-ip/en/development_iplaw/pub833.htm (last visited Mar. 24, 2013); *Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks*, (art. 2, 1999) (determining whether a trademark is distinctive), available at http://www.wipo.int/about-ip/en/development_iplaw/pub833.htm (last visited Mar. 24, 2013).

64. See WIPO, *Joint Recommendation Concerning Provisions on the Protection of Marks, and Other Industrial Rights in Signs, on the Internet*, *supra* note 62 (addressing the issue of internet domain names); WIPO – *Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT)* (2002), available at http://www.wipo.int/meetings/en/topic.jsp?group_id=63 (last visited Mar. 24, 2013) (covering the issue of commercial indicators); WIPO, *Internationalized Domain Names – Intellectual Property Considerations*, available at <http://www.wipo.int/amc/en/domains/internationalized/index.html> (last visited Mar. 24, 2013) (discussing the use of domain names on the internet).

65. See Tania S. Voon & Andrew D. Mitchell, *Implications of WTO Law for Plain Packaging of Tobacco Products*, Georgetown U. L. Center (Jun. 30, 2011), available at <http://ssrn.com/abstract=1874593> (discussing the positive and negative rights derived from a trademark); Gregory J. Battersby, *The License Agreement – A Mock Negotiation*, 722 PLI 277, 314 (2003) (indicating the exclusivity possessed by those who have a trademark); see also William Robinson, Giles Pratt & Ruth Kelly, *Trademark Law Harmonization in the European Union: Twenty Years Back and Forth*, 23 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 731, 754 (2013) (discussing the impact of registering a mark); David K. Boudreau, William Sloan Coats, & Vickie L. Feeman, *Copyright and Trademark Licensing*, 722 PLI 799, 832 (2003) (showing the importance of registering a trademark). See generally Pearson, *supra* note 56, at 17 (showing the benefits to registering trademarks).

66. See Geertjan De Vries, Enrico Pennings, & Joern H. Block, *Trademark or Patent? The Effects of Market Structure, Customer Type and Venture Capital Financing on Start-Ups' IP Decisions*, ERIM REPORT SERIES (Apr. 9, 2013), available at <http://ssrn.com/abstract=2247281> (discussing the renewal requirements for trademarks); see also Aurea Sunol, *El Presupuesto de Uso en el Tráfico Económico Para Productos o Servicios en el Actual Derecho de Marcas: ¿Un Paso Más*

that the minimum duration of a certificate of registration is ten years, renewable indefinitely in increments of ten years, as long as the established requirements for renewal are satisfied.⁶⁷

8. Obligations and Formalities of Using the Trademark

The obligatory use of a registered trademark is one of the fundamental tenets of trademark law. The legal doctrine of Spain has made very valuable contributions in this field. One such work exclusively studies the use of trademarks at different stages in the duration of a distinct sign.⁶⁸ The author of this work meticulously analyses and explains all the related aspects of this principle.⁶⁹ NAFTA regulates different situations related to the obligatory use of the registered trademark.⁷⁰ It begins by conferring on the owner of the trademark a minimum term of two years within which to initiate the use of the trademark.⁷¹ NAFTA also recognizes other valid reasons underlying the lack of use independent from the actions of the trademark owner, including *ad exemplum* import restrictions or other officially imposed market closing requirements applicable to products or services identified by the trademark.⁷²

A legal remedy for the use of the trademark is available to a third party who has been authorized and controlled by the trademark owner.⁷³ However, there is a specific prohibition on the parties not to encumber the use of the trademarks in commerce by imposing special requirements, such as the collective use of

Hacia la Protección Ilimitada de las Marcas? [The Requisite of Use in Connection with Goods and Services in the Current Trademark Law: A Further Step to Unlimited Protection of Trade Mark], InDret (Oct. 1, 2012), available at http://www.indret.com/pdf/936.es_2.pdf (giving guidelines for the area of trademarks). *But see* Alison Marcotte, *Concurrent Protection of Products by Patent and Trade Dress: Use of the Functionality Doctrine in Marketing Displays, Inc. v. Traffix Devices, Inc.*, 36 NEW ENG. L. REV. 327, 336 (2001) (stating that there is potentially unlimited time for trademarks).

67. *See* NAFTA, *supra* note 21, at art. 1708(7).

68. *See* Haring, *supra* note 53, at 380–83 (giving the history of Spain’s trademark law); Luis-Alfonso Duran, *The New European Community Trademark*, 417 PLI 353, 358 (1995) (stating Spain’s role in international trademarks). *See generally* Valentine Korah, *The Interface Between Intellectual Property and Antitrust: The European Experience*, 69 ANTITRUST L.J. 801 n.6 (2002) (showing how it is possible to register a mark in Spain that will prevail throughout the common market).

69. *See* García, *supra* note 31.

70. *See* NAFTA, *supra* note 21, at arts. 1708(8)–(10) (addressing the requirements for registering a trademark and patents).

71. *See id.* at art. 1708(2) (discussing registration requirements).

72. *See id.* at art. 1708 (noting that NAFTA discusses requirements imposed on products or services that are identified by the trademark).

73. *See id.* at art. 1708(9) (requiring parties to recognize third-party use of a trademark). *But see* Allen Z. Hertz *Shaping the Trident: Intellectual Property Under NAFTA, Investment Protection Agreements and at the World Trade Organization*, 3 CAN.-U.S. L.J. 261, 290 n.135 (1997) (stating that NAFTA may be understood to require the owner to receive nothing more than the negative right to prevent unauthorized third parties from using his trademark).

two trademarks, or a use that diminishes the function of the trademark as a function of its origin.⁷⁴

9. License and Transfer of the Trademark

Trademarks are intangibles which may be the object of legal business, and, as such, it is necessary to discuss the two legal forms of commerce in trademarks regulated by NAFTA: transfer and licensing of trademarks.⁷⁵ Transfer is different from license.⁷⁶ Transfer involves full transmission of the protection in and title to the trademark, while license is a mere authorization to use the trademark granted by the trademark owner to a third party.⁷⁷ Unrestricted transferability of trademarks is the prevailing norm today.⁷⁸ This allows, without limitation, the transferability of the trademark, which NAFTA regulates.⁷⁹ The owner of a registered trademark has a right to transfer it together with or independently of the remaining business of the transferor.⁸⁰

74. See NAFTA, *supra* note 21, at art. 1708(10) (noting that NAFTA acknowledges the lack of use resulting from import restrictions or other applicable requirements).

75. See NAFTA, *supra* note 21, at art. 1708(11) (establishing that a party to NAFTA may determine under what conditions trademarks may be licensed or assigned).

76. See *The Beanstalk Grp., Inc. v. AM Gen. Corp.*, 143 F. Supp. 2d 1020, 1029 (N.D. Ind. 2001) (distinguishing the differences between a license and a transfer); see also *James O. Tomerlin Trust v. Comm'r of Internal Revenue*, 87 T.C. 876, 888 (T.C. 1986) (stating that the differences between licenses and transfer is not always clear, but differences can be made upon review); *Consol. Foods Corp. v. U.S.*, 569 F.2d 436, 437 (7th Cir. 1978) (acknowledging the problems when dealing with transfers and licenses and the differing degrees of retaining property rights).

77. See *Condom Sense, Inc. v. Alshalabi*, 390 S.W.3d 734, 759–60 (Tex. App. 2012) (explaining that a license does not confer title but rather “limited rights, less than” a transfer (citing *Acme Valve & Fittings Co. v. Wayne*, 386 F. Supp. 1162, 1165 (S.D.Tex.1974))); *Moraine Prods. v. ICI Am., Inc.*, 538 F.2d 134, 143 (7th Cir. 1976); *Keystone Type Foundry v. Fastpress Co.*, 272 F. 242, 244–45 (2d Cir. 1921) (describing how a transfer involves the exchange of the entire title); see also *Jones v. Berger*, 58 F. 1006, 1007 (C.C.D. Md. 1893). But see *Sanofi, S.A. v. Med-Tech Veterinarian Prods., Inc.*, 565 F. Supp. 931, 939 (D.N.J. 1983) (holding that there is no obligation to record a license thus demonstrating the differing levels of obligation upon transfer or license).

78. See *Gardner v. Nike, Inc.*, 279 F.3d 774, 780 (9th Cir. 2002) (stating that “ownership” carries with it an unrestricted right to freely transfer the license”); see also *Info. Resources Inc., v. Test Mktg. Grp. Inc.*, 1991 U.S. Dist. LEXIS 18216, 17 (S.D.O.H. 1991) (demonstrating a license/ transfer relationship); *Alejandro López-Velarde, Trademarks in Mexico: The Effects of the North American Free Trade Agreement*, 17 HOUS. J. INT’L L. 49, 98 (1994) (noting that the default right to assign a trademark is vested upon transfer).

79. See NAFTA, *supra* note 21, at art. 1708(11) (stating that NAFTA controls the license and transfer disputes); see also *López-Velarde, supra* note 78, at 98 (noting that the default right to assign a trademark is vested upon transfer); *Appendix 11-Intellectual Property as Collateral*, 41 IDEA 481 n.32 (2001-2002) (acknowledging NAFTA’s role in the regulation of intellectual property).

80. See NAFTA, *supra* note 21, at art. 1708(11) (stating that each transferor can decide to what extent the trademark will be restricted upon transfer); see also *López-Velarde, supra* note 78, at 98 (noting that the conditional right to assign a trademark is in control of the parties to arrange); *Appendix 11-Intellectual Property as Collateral, supra* note 79, at n.32 (demonstrating the limits imposed on transferee without the express consent of the licensee).

By the same token, trademarks can be the subject of a license agreement, by virtue of which the trademark owner (licensor) authorizes a third party (licensee) to use the trademark in exchange for compensation or royalty fee.⁸¹ The traditional role of the trademark license constitutes one possible mean by which the trademark owner can extend the manufacturing and sale or distribution of products and services to a new geographic market through the corresponding trademark.⁸² Before granting a trademark license, the licensor should consider all positive and negative factors that might be involved in the operation. The owner should then exercise caution in selecting the licensee because in his hands rests the goodwill and force of the trademark.⁸³ Finally, throughout the process, the owner should not forget that the consumer public is the ultimate beneficiary of the purpose that the trademark is intended to fulfill.⁸⁴ NAFTA regulates transfers and licenses in a very disengaged manner. For transfers, as was previously stated, NAFTA codifies the principle of unrestricted transferability of a registered trademark, independent of the transfer of the enterprise to which the trademark belongs. For licenses, NAFTA limits itself to prohibit obligatory licensing of trademarks.⁸⁵

Transfer and license of trademarks should be registered with the corresponding authority of each party to place third parties on official notice.

81. See NAFTA, *supra* note 21, at art. 1708(11) (stating that the parties have the right to set whatever monetary value to their exchange); see also López-Velarde, *supra* note 78, at 98 (affirming the parties rights to contract at their own will); *Appendix 11-Intellectual Property as Collateral*, *supra* note 79, at n.32 (demonstrating that the transferor and transferee are free to set prices on their licensing exchange).

82. See *Instructional Sys. Dev. Corp. v. Aetna Cas. and Sur. Co.*, 817 F.2d 639, 645 (10th Cir. 1987) (demonstrating one of the means by which a licensor can extend the market for the product or services); see also *Motor Werks Partners v. BMW of N. Am., Inc.*, 2001 U.S. Dist. LEXIS 20999, 17 (N.D. Ill. 2001) (describing a situation where a license was granted overseas to expand consumer base); *S Indus., Inc. v. Stone Age Equip., Inc.*, 12 F. Supp. 2d 796 n.14 (N.D. Ill. 1998) (showing the ability that a trademark owner has to extend the owner's rights in additional markets).

83. See *Am. Needle, Inc. v. Nat'l Football League*, 130 S. Ct. 2201, 2206, 176 L. Ed. 2d 947 (2010) (discussing a case whereby a license was used to expand into a market); *Instructional Sys. Dev. Corp.*, 817 F.2d at 645 (demonstrating one of the means by which a licensor can extend the market for the product or services); see also *BMW of N. Am., LLC v. Motor Werks Partners, L.P.*, 03 C 4109, 2004 WL 422733 (N.D. Ill. 2004) (describing a situation where a license was granted overseas to expand consumer base); *S Indus.*, 12 F. Supp. 2d at 796-802 (showing the ability that a trademark owner has to extend the owner's rights in additional markets).

84. See *Cotton Ginny, Ltd., v. Cotton Gin, Inc.*, 691 F. Supp. 1347, 1354-55 (S.D. Fla. 1988) (noting the ultimate benefit of a license transfer is to the consumer public); see also *Vision Ctr. v. Opticks, Inc.*, 596 F.2d 111, 118 (5th Cir. 1979); *Am. Heritage Life Ins. Co. v. Heritage Life Ins. Co.*, 494 F.2d 3, 12 (5th Cir. 1974) (citing a judge's interpretation of a license transfer).

85. See *Gardner*, 279 F.3d at 780 (stating that NAFTA grants the unrestricted right to freely transfer the license); see also *Info. Resources Inc.*, 1991 U.S. Dist. LEXIS 18216 at 17 (demonstrating a license transfer relationship); López-Velarde, *supra* note 78, at 98 (NAFTA prohibits obligatory licensing.)

On this point, it would be beneficial to mention the value of the *Collective Recommendation Regarding Trademark Licenses* adopted by the Assembly of the Paris Union Assembly for Protection of Industrial Property and the General Assembly of the World Organization of Intellectual Property (WIPO) at the 35th Reunion of the Assembly of the Member States of the WIPO.⁸⁶ The purpose of the Recommendation is to harmonize and simplify the registration of trademarks licenses among parties to the Agreement; it is not a norm, but rather a guide to help countries or regions reconcile their intellectual property legislation.⁸⁷

10. Exceptions

NAFTA contemplates the possibility of limitations by the parties on the exclusive use of trademarks.⁸⁸ NAFTA proclaims *ad exemplum* the relative limitation on the correct use of descriptive terms and allows the parties to introduce other exceptions, “provided that such exceptions take into account the legitimate interests of the trademark owner and of other persons.”⁸⁹

11. Causes for Rejection of Registration

The Agreement sets forth a series of prohibitions to prevent certain signs from being unduly registered.⁹⁰ The first prohibition is on the registration as trademarks, of words in Spanish, French or English, that generically describe the products or services themselves or the types of products or services to which the trademark is applicable.⁹¹ This prohibition is important to Mexican

86. See *The Assembly of the Paris Union Assembly for Protection of Industrial Property and the General Assembly of the World Organization of Intellectual Property (WIPO) at the 35th Reunion of the Assembly of the Member States of the WIPO September 25 to October 3, 2000*, available at http://www.wipo.int/about-ip/en/development_iplaw/pdf/pub835.pdf (noting that WIPO is a specialized agency of the United Nations system of organizations); see also *WIPO Administered Treaties*, WIPO.INT, <http://www.wipo.int/treaties/en/> (last visited Mar. 30, 2013) (listing twenty six international treaties dealing with different aspects of intellectual property protection administered by WIPO).

87. See *Joint Recommendation Concerning Trademarks Licenses*, WIPO.INT, http://www.wipo.int/about-ip/en/development_iplaw/pdf/pub835.pdf (last visited Mar. 30, 2013).

88. See *The Assembly of the Paris Union*, *supra* note 86; see also *WIPO Administered Treaties*, *supra* note 86 (WIPO administers twenty six international treaties dealing with different aspects of intellectual property protection); John Mugabe, *Intellectual Property Protection and Traditional Knowledge: An Exploration in International Policy Discourse*, Paper Prepared for the World Intellectual Property Organization (December 1998) (stating that the Assembly was merely a guide to assist in trademark legislation).

89. See NAFTA, *supra* note 21, at art. 1708(12).

90. See *id.* at art. 1708(11) (stating that the parties must prevent certain signs from being unduly registered).

91. See *id.* at art. 1708(13) (stating that each party shall prohibit the registration as a trademark of words, at least in English, French or Spanish, that generically designate goods or services or types

exporters because heretofore they have confronted non-traditional tariff barriers, such as registration by citizens or residents of the United States of generic names in Spanish, preventing Mexican manufacturers from exporting to the United States because their labels or packaging used the same generic name registered as a trademark.⁹²

The second prohibition is on signs that contain or consist of immoral or scandalous material and those that might cause confusion for consumers.⁹³ Also prohibited are signs that contain elements disparaging or falsely suggesting a connection with persons, living or dead, institutions, beliefs, national symbols of any of the parties, or that degrade or affect their reputation.⁹⁴ These prohibitions, in part, attempt to protect consumers per se and their relationship to society and protect the parties by guaranteeing the possession and exclusive use of their flags, shields, and other emblems.⁹⁵

C. Restraining Application of Intellectual Property Rights

One of the principal elements of NAFTA Chapter XVII on Intellectual Property is the provisions regarding procedure and internal sources, which serve as a guide for recognition of intellectual property rights.⁹⁶ The governments of the three signatories shall insure that intellectual property rights are legally codified and that penalties for violations are strict enough to deter potential infringes.⁹⁷

While this chapter was negotiated and elaborated in conformity with

of goods or services to which the trademark applies).

92. *See id.* at art. 1708(13).

93. *See id.* at art. 1708(14).

94. *See id.*

95. *See id.*

96. *See id.* at art. 1718(1) (stating that each party will adopt procedures to enable an intellectual property right holder to bring an application for punishment of infringement on such rights).

97. *See* Catherine Brown & Christine Manolakas, *Trade in Technology Within the Free Trade Zone: The Impact of the WTO Agreement, NAFTA, and Tax Treaties on the NAFTA Signatories*, 21 NW. J. INT'L L. & BUS. 71, 83 (2000-01) (providing that each party must provide domestic legislation to ensure fair and equitable enforcement of intellectual property rights); Donald L. Dubuque, Comment, *The Implication of NAFTA to Intellectual Property Protection in the U.S. and Mexico and the Extraterritoriality of U.S. Intellectual Property Laws*, 5 J. INT'L L. & PRAC. 139, 149-50 (1996) (discussing the powers that NAFTA grants to administrative and judicial authorities in Mexico). *See generally* James M. Cooper, *The North American Free Trade Agreement and Its Legacy on the Resolution of Intellectual Property Disputes*, 43 Cal. W. Int'l L.J. 157, 171 (2012) (discussing the changes Mexico implemented in response to NAFTA's Intellectual Property rights requirements).

TRIPS,⁹⁸ effective January 1, 1995,⁹⁹ it is more precise.¹⁰⁰ Articles 1714 to 1718 of the Agreement address the coercive application of trademark law, as indicated by their headings.¹⁰¹ The titles of the cited articles also feature brief commentaries on each of them in the following sections. This part of the chapter on intellectual property is important because treaties covering substantive protection of intellectual property rights would be unenforceable without an adequate legal framework to remedy infringed rights.

1. Enforcement of Intellectual Property Rights: General Provisions

The common characteristic that should cover all the procedures for intellectual property rights is found in article 1714.1, which addresses a fundamental principle: the domestic law of each party should contain procedures that allow the adoption of effective measures against all acts that violate intellectual property rights, including expedited resources to prevent and discourage future infractions, avoiding the creation of barriers to legitimate trade, and establishing safeguards against procedural abuses.¹⁰² This article further addresses equitable procedures,¹⁰³ summary disposition,¹⁰⁴ judicial

98. See Cooper, *supra* note 97, at 165–66 (discussing the influence of NAFTA on TRIPS); *Council for Trade-Related Aspects of Intellectual Property Rights*, World Trade Organization Annual Report (1995) (describing the Council's focus on intellectual property obligations), available at <http://www.ustr.gov/trade-agreements/wto-multilateral-affairs/-world-trade-organization/council-trade-related-aspects-in> (last visited Mar. 30, 2013); Judith H. Bello, Alan F. Holmer, & Joseph J. Norton, *NAFTA: The North American Free Trade Agreement: A New Frontier in International Trade and Investment in the Americas*, 89 AM. J. INT'L L. 668, 670 (1995) (book review) (stating that the TRIPS agreement falls short of NAFTA provisions on intellectual property).

99. See WTO, *Overview: The TRIPS Agreement*, http://www.wto.org/english/tratop_e/trips_e/intel2_e.htm (last visited Apr. 28, 2013) (stating that the effective date of TRIPS is 1 January 1995); Kimberly A. Czub, *Argentina's Emerging Standard of Intellectual Property Protection: A Case Study of the Underlying Conflicts Between Developing Countries, TRIPS Standards, and the United States*, 33 CASE W. RES. J. INT'L L. 191, 196 (2001) (providing that the WTO and TRIPS were ratified in January of 1995); John E. Giust, *Noncompliance with TRIPS by Developed and Developing Countries: Is TRIPS Working?*, 8 IND. INT'L & COMP. L. REV. 69, 78 (1997-98) (stating that TRIPS entered into force on January 1, 1995).

100. See Cooper, *supra* note 97, at 166 (noting that NAFTA expanded TRIPS intellectual property protections); Sandrine Cahn & Daniel Schimmel, *The Cultural Exception: Does it Exist in GATT and GATS Frameworks? How Does it Affect or is it Affected by the Agreement on TRIPS?*, 15 CARDOZO ARTS & ENT. L.J. 281, 307 (1997) (stating that the NAFTA provisions on intellectual property goes beyond the TRIPS agreement); Bruce Zagaris, *Addendum: Revenge of the Tequila: Crime Gathers Momentum U.S.-Mexico Relations*, 3 SW. J. L. & TRADE AM. 85, 98 (1996) (stating that the TRIPS enforcement mechanisms are not as precise as NAFTA's).

101. See NAFTA, *supra* note 21, at arts. 1714–1718 (providing guidelines for the general and specific procedures necessary to enforce intellectual property rights).

102. See *id.* at art. 1714(1).

103. See *id.* at art. 1714(2).

104. See *id.* at art. 1714(3).

review,¹⁰⁵ and absence of a duty to establish a distinct legal system.¹⁰⁶

2. Specific Procedural and Remedial Aspects of Civil and Administrative Procedure

This part of the Agreement addresses just and equitable proceedings; guidelines for obtaining evidence; resources; judicial mandates; damages and prejudices; removal or destruction of pirated or counterfeited goods, and other resources; right to information; indemnification from the accused; and application of principles to administrative procedures.¹⁰⁷

3. Precautionary Measures

Detailed guidelines are established over the following: prompt and effective precautionary measures; *inaudita altera parte* in relevant cases;¹⁰⁸ miscellaneous procedures, safeguard against abuse; compensation to the accused under unjust circumstances; and application of principles to ordered precautionary measures as a result of administrative proceedings.¹⁰⁹

4. Criminal Procedures and Penalties

It is established that each party shall enact procedures and sanctions against willful trademark counterfeiting or copyright piracy, which may include imprisonment and/or fines and decree the seizure, forfeiture or destruction of infringing goods and any material and equipment used in the commission thereof.¹¹⁰

5. Enforcement of Intellectual Property Rights at the Border

The Agreement further provides for the duty to grant trademark owners the right to assistance from customs officials against counterfeit trademarks of products or services, without an obligation for imports de minimis; competent authority; safeguard measures against abuse; right of inspection and right to information; destruction and elimination of infringing goods; and resources.¹¹¹

105. *See id.* at art. 1714(4).

106. *See id.* at art.1714(5).

107. *See id.* at arts.1715(1)–(8).

108. Translated in Latin to mean “without hearing the other party.” *See* BLACK’S LAW DICTIONARY 763 (7th ed. 1999).

109. *See* NAFTA, *supra* note 21, at arts. 1716(1)–(8).

110. *See id.* at arts. 1717(1)–(3).

111. *See id.* at arts. 1718(1)–(14).

IV. APPLICATION OF NAFTA TRADEMARK REGULATION TO THE MEXICAN LEGAL SYSTEM

The Mexican Constitution is the regulating framework of the national legal system.¹¹² Therefore, it is important to review articles 28 and 133 of the Mexican Constitution because they help explain the attempt to reconcile Mexican trademark law with its counterpart under NAFTA. Article 28 of the Mexican Constitution establishes that the privileges granted to authors and artists for the production of their works do not constitute monopolies, nor do they confer upon inventors the exclusive use of their inventions.¹¹³ As stated in the Mexican Senate Report on the NAFTA “chapter XVII of the Agreement is compatible with this constitutional guideline and with the international obligations agreed to by Mexico.”¹¹⁴ Article 133 holds that the treaties executed by the President of the Republic with approval of the Senate, and in accordance with the Constitution, shall be the supreme law of the nation.¹¹⁵

112. See Alberto Acosta, *El Buen (con)Vivir, Una Utopía Por (re)Construir: Alcances de la Constitución de Montecristi*, 4 OTRA ECONOMÍA 8, 9 (2010) available at <http://unisinos.br/revistas/index.php/otraeconomia/article/view/1177/342> (noting that the Mexican Constitution is the framework for national laws); Tim R. Samples & Jose Luis Vittor, *Energy Reform and the Future of Mexico's Oil Industry: The Pemex Bidding Rounds and Integrated Service Contracts*, 7 TEX. J. OIL GAS & ENERGY L. 215, 222 (2011-12) (explaining that Mexico's national law is based on its Constitution). See generally Owen Bonheimer & Paul Supple, *Current Development 2001-2002: Unauthorized Practice of Law by U.S. Lawyers in U.S.-Mexico Practice*, 15 GEO. J. LEGAL ETHICS 697, 702 (2002) (discussing how the Mexican Constitution regulates the practice of law in Mexico); Debra F. Guajardo, Comment, *Redefining the Expropriation of a Foreign Direct Investment in Mexico*, 42 S. TEX. L. REV. 1309, 1311 (2001) (stating that by ratifying NAFTA, Mexico has created a legal conflict between that set forth in NAFTA and the Mexican Constitution).

113. See Constitución Política de los Estados Unidos Mexicanos [C.P.], Feb. 5, 1917, art. 28, available at <http://www.diputados.gob.mx/LeyesBiblio/pdf/1.pdf> (stating that “the privileges that are conferred to the authors and artist for a determined timeframe, for the production of their works and those privileges conferred on inventors for the exclusive use of their inventions. . .” do not constitute a monopoly).

114. See FERNANDO SERRANO MIGALLON, MÉXICO EN EL ORDEN INTERNACIONAL DE LA PROPIEDAD INDUSTRIAL 545 (vol. 1 2000) (providing the Senate pronouncement on the NAFTA, Mexico, D.F., November 18, 1993, in which NAFTA is approved). See generally Craig R. Giesze, *Mexico's New Antidumping and Countervailing Duty System: Policy and Legal Implications, As Well As Practical Business Risks and Realities, for United States Exporters to Mexico in the Era of the North American Free Trade Agreement*, 25 ST. MARY'S L.J. 885, 959 (1994) (providing that NAFTA and the Mexican Constitution make up the supreme law of the land); López-Velarde, *supra* note 78, at 84–85 (discussing the relationship between NAFTA and the Mexican Constitution).

115. See Constitución Política de los Estados Unidos Mexicanos, *supra* note 113, at art. 133 (stating: “This Constitution, the laws that emanate from the Congress of the Union and all agreements in accordance with them, entered into by the President of the Republic, with approval of the Senate, shall be the Supreme Law of the whole Union”); James T. McHugh, *North American Federalism And Its Legal Implications*, 4 NORTE AMÉRICA Jan.–Jun. 2009, 55, at 66 (noting that article 133 is the supreme law of Mexico); John P. Bowman, *The Panama Convention and its Implementation Under the Federal Arbitration Act*, 11 AM. REV. INT'L ARB. 1, 187 n.38 (2000) (providing that Article 133 of the Mexican Constitution should be considered the supreme law of the whole union).

There is also a jurisprudential thesis from the Mexican Supreme Court that clarifies the doctrinal debate regarding the hierarchical structure of Mexican laws.¹¹⁶ The Supreme Court of Justice, in its interpretation of constitutional article 133, holds that international treaties are inferior to fundamental law but superior to federal and state law.¹¹⁷ Furthermore, *Mexico's Law on Formalization of Treaties* regulates the formalization of treaties and interinstitutional agreements in the international arena, including NAFTA.¹¹⁸ NAFTA complied with the legal requirements cited above and, furthermore, since NAFTA considered the jurisprudence of the Mexican Supreme Court, we can therefore conclude that the treaty is in accord with the Mexican legal system.¹¹⁹

The current national legislation on industrial property is found in the following regulations:

- Industrial Property Law
- Industrial Property Law Regulations
- Decree Creating the Mexican Institute for Industrial Property
- Industrial Property Institute Regulations

116. See generally Giesze, *supra* note 114, at 1020–21 (discussing the Mexican Supreme Court in relation to NAFTA); Reka S. Koerner, *Pregnancy Discrimination in Mexico: Has Mexico Complied With the North American Agreement on Labor Cooperation?*, 4 TEX. F. ON C.L. & C.R. 235, 248 (1999) (discussing the Mexican Supreme Court's role in jurisprudence); Robert M. Kossick, Jr., *Litigation in the United States and Mexico: A Comparative Overview*, 31 U. MIAMI INTER-AM. L. REV. 23, 26 (2000) (describing the procedure and inner-workings of the Mexican Supreme Court).

117. See *Instancia: Pleno de la Suprema Corte de Justicia de la Nación. Localización: Novena Época, Instancia: Pleno, Fuente: Semanario Judicial de la Federación y su Gaceta, Tomo: X Noviembre de 1999, Tesis: P. LXXVII/99, Página:46, Materia: Constitucional, Tesis aislado* (stating that “International Treaties are to be hierarchically placed above federal and local laws and are to be second only to the federal constitution”); see also Bradford Stone & Santiago González Luna M., *Aggrieved Buyer's Right to Performance or Money Damages Under the CISG, U.C.C., and Mexican Commercial Code*, 30 J.L. & COM. 23, 57 (2011) (discussing the Mexican Supreme Court of Justice resolution that put international treaties at the highest level of the Mexican legal system, superseded only by the Constitution). See generally *Constitución Política de los Estados Unidos Mexicanos*, *supra* note 113, at art. 133 (providing the language from Article 133 of the Mexican Constitution); Stephen Clarkson, *NAFTA and the WTO's Role in Transforming Mexico's Economic System*, in MEXICO'S POLITICS AND SOCIETY IN TRANSITION 215, 219 (Joseph S. Tulchin & Andrew D. Selee eds., 2002) (stating that pursuant to Article 133 of the Mexican Constitution, provisions from international conventions have become the “supreme law of the land”).

118. See *Law on the Formalization of Treaties*, published in the *Diario Oficial de la Federación*, on Jan. 2, 1992, available at <http://www.diputados.gob.mx/LeyesBiblio/pdf/216.pdf> (last visited Apr. 28, 2013). See generally Mark Aspinwall, *NAFTA-ization: Regionalization and Domestic Political Adjustment in the North American Economic Area*, 47 J. COMMON MKT. STUD. 1, 8–9 (2009) (discussing Mexico's adaptations to meet international treaties).

119. See Garvey, *supra* note 5, at 172–73 (providing that recent submissions to NAFTA favor the need in the Mexican legal system for more judicial independence). See generally Aspinwall, *supra* note 118, at 8–9 (discussing NAFTA's incorporation into the Mexican legal system); Clarkson, *supra* note 117, 219 (stating that NAFTA had a direct effect on the Mexican legal system).

- Agreement Establishing Fees for Services of Mexican Institute for Industrial Property
- Federal Criminal Code
- Federal Code of Criminal Procedure

For a better understanding of the current national legislation, it would be helpful to briefly review its recent background. Since the 1980's, and particularly in 1986 with its admission into GATT, Mexico formally began its commercial liberalization and the process of worldwide economic integration.¹²⁰ At that time, Mexico increased its presence in international markets, principally through exports of manufactured products.¹²¹ As a consequence, the national legislation on industrial property had to acquire a form compatible with that of its trading partners.¹²²

One law was revised to conform to new international standards in industrial property matters: the former *Law of Inventions and Trademarks*, which on June

120. The true significance of the commercial liberalization of Mexico resides in it being a catalyst for national development, given that it contributes to the inclusion of new regions and enterprises in the ambit of international trade. WTO, *Trade Policy Review: Mexico*, *supra* note 16, at 9; see Ruth L. Okediji, *Back to Bilateralism? Pendulum Swings in International Intellectual Property Protection*, 1 U. OTTAWA L. & TECH. J. 125, 128–29, (2003-04) (discussing Mexico's transition from protectionist economic policies to more liberal trade policies); Mexico Country Strategy Paper 2007-2013, *supra* note 18, at 6 (noting that Mexico has pursued an ambitious policy of trade liberalization); see also Kevin A. Wechter, *NAFTA: A Complement to GATT or a Setback to Global Free Trade?*, 66 S. CAL. L. REV. 2611, 2622 (1992-93) (alluding to Mexico's prior reluctance to begin economic liberalization and integration).

121. At the beginning of the decade of the 1980's, Mexican exports were almost exclusively oil. The hydrocarbons, whose foreign sales represented the principal source of revenues for the government, were then the principal product of exportation for Mexico and represented almost seventy percent of the total exports in 1982. Nonetheless, the pattern of exportation has radically changed. In 2012, according to the Mexican Secretary of Economy, eighty-five percent of Mexican exportations were non-oil products. See *Información Estadística y Arancelaria: Balanza Comercial de México Año Previo de Entrada en Vigor de los TLCs .vs. 2012, Total*, Se, http://www.economia.gob.mx/files/comunidad_negocios/comercio_exterior/informacion_estadistica/total_201.pdf (last visited Apr. 28, 2013) (showing that in 2012 Mexico exported \$370.9 billion dollars in total exports). *Información Estadística y Arancelaria: Balanza Comercial de México Año Previo de Entrada en Vigor de los TLCs .vs. 2012, No Petroleras*, Se, http://www.economia.gob.mx/files/comunidad_negocios/comercio_exterior/informacion_estadistica/nopetroleras_2012.pdf (last visited Apr. 28, 2013) (showing that in 2012 Mexico exported \$318.5 billion dollars worth of non-oil exports); Villarreal, *supra* note 8, at 2–3 (noting Mexico's increased global competitiveness and trade liberalization following its accession to the GATT).

122. See Cooper, *supra* note 97, at 171 (noting that Mexico had to make considerable changes to meet the requirements of NAFTA); López-Velarde, *supra* note 78, at 50–51 (recognizing that economic integration also requires compatibility with the international community); see also Edwin S. Flores Troy, *The Development of Modern Frameworks for Patent Protection: Mexico, a Model for Reform*, 6 TEX. INTELL. PROP. L.J. 133, 134 (1998) (referring to the requirement that Mexico comply with international intellectual property standards). See generally Lic. José Augustín Portal, *Mexican Standards Related Policy and Regulation*, 9 U.S.-MEX. L.J. 7, 10 (2001) (identifying the need for Mexico to develop rules and procedures compatible with those of its trading partners).

27, 1991 was published in the *Diario Oficial de la Federación as La Ley de Fomento y Protección a la Propiedad Industrial*.¹²³ This law did not follow NAFTA (Chapter XVII) enacted on January 1, 1994, but rather it was Mexico's response to GATT and to TRIPS.¹²⁴ The *Law of Promotion and Protection of Intellectual Property of 1991* managed to provide, before NAFTA, what commentators considered a truly modern legal framework comparable to existing ones in the countries with which Mexico had maintained extended trade relations, i.e., the United States, Canada, and European countries, among others.¹²⁵ Furthermore, establishment of an administrative institution specializing in the Mexican industrial property system was foreseen, *to wit*, the Mexican Institute of Industrial Property, a decentralized body with legal capacity and autonomy outlined in the industrial property legislation.¹²⁶

Turning to a review of current legislation, when NAFTA was enacted on January 1, 1994 and in light of article 133 of the Mexican Constitution, it became the supreme law of the union per the Constitution.¹²⁷ Even though

123. See *Ley de Fomento y Protección de la Propiedad Industrial* [Law of Promotion and Protection of Industrial Property], *Diario Oficial de la Federación* [DO], 27 de Junio de 1991 (Mex.) (detailing the specifics of the new provisions of the industrial property law). See López-Velarde, *supra* note 78, at 66–67 (describing the new legislation as a model for other countries to follow). The latest amendment to Mexico's Industrial Property law occurred April 9, 2010. See *Acuerdo Que Por Causas de Fuerza Mayor Declara Como Inhábil el Día 20 de Marzo de 2012*, *Diario Oficial de la Federación* [DO], 9 de Abril de 2012 (Mex.).

124. See López-Velarde, *supra* note 78, at 51 (noting that Mexico has changed its policies in response to GATT and TRIPS testimonies for globalization of intellectual property); see also Clarkson, *supra* note 117, at 224 (discussing Mexico's changes to its laws in response to GATT). But see WTO Secretariat, *Mexico Trade Policy Review*, WT/TPR/S/29 (1997) (stating that Mexico enacted the new legislation to comply with its obligations under the NAFTA).

125. See Chiang-feng Lin, *Investment in Mexico: A Springboard Toward the NAFTA Market—An Asian Perspective*, 22 N.C.J. INT'L L. & COM. REG. 73, 101–02 (1996-97) (explaining that the law is both modern and designed to be similar to the systems of more industrialized nations); see also López-Velarde, *supra* note 78, at 61–62 (suggesting that the new legislation was aimed at facilitating trade relations with other countries). See generally Frank J. Garcia, *Protection of Intellectual Property Rights in the North American Free Trade Agreement: A Successful Case of Regional Trade Regulation*, 8 AM. U. J. INT'L L. & POL'Y 817, 821 (1993) (implying that the new legislation was driven by Mexico's desire to be a part of the NAFTA).

126. See *Decreto Por El Que Se Crea el Instituto Mexicano de la Propiedad Industrial* [Decree by Which the Mexican Institute of Industrial Property is Created], *Diario Oficial de la Federación* [DO], 10 de Diciembre de 1993 (Mex.) (creating the Mexican Institute of Industrial Property); Organic Statute of the Mexican Institute for Industrial Property, art. 1, http://www.wipo.int/wipolex/en/text.jsp?file_id=200310; Bill F. Kryzda & Shaun F. Downey, *Overview of Recent Changes in Mexican Industrial Property Law and the Enforcement of Rights by the Relevant Government Authorities*, 21 CAN.-U.S. L.J. 99, 101 (1995) (commenting on the creation of the Mexican Institute of Industrial Property following the signing of NAFTA); see also David Fernández-Alvarez, *The IP and Patent Information Scene in Mexico*, 35 WORLD PAT. INFO. 31, 31 (2013) (explaining the role and impact of the Mexican Institute of Industrial Property); López-Velarde, *supra* note 78, at 68–69 (discussing the creation, structure, and function of the Mexican Institute of Industrial Property).

127. See Stone & Gonzalez, *supra* note 117, at 57 (explaining that NAFTA has been

NAFTA's self-implementing provisions could have been adopted, the applicable legislation was amended, creating a more legitimate climate.¹²⁸ In general, and fortunately for Mexico, symmetry existed between Chapter XVII of NAFTA and the industrial property legislation of 1991.¹²⁹ Commentators at the time proposed that the amended legislation was a response to the presumed compromise in the Agreement, effective October 1, 1994, and known as the *Industrial Property Law*.¹³⁰

Different reasons justified the cited legislative reforms and additions. The most noted include: the need to grant autonomy to the Mexican Institute for Industrial Protection, such as the administrative power to apply the law in these matters;¹³¹ incorporation into the text of all treaties executed by Mexico;¹³²

incorporated into the Mexican legal system pursuant to article 133 of the Mexican Constitution); see also Elvia Arcelia Quintana Adriano, *The North American Free Trade Agreement and Its Impact on the Micro-, Small- and Medium-Sized Mexican Industries*, 39 ST. LOUIS U. L.J. 967, 967 (1994-95) (noting that NAFTA has acquired National Law status under article 133 of the Mexican Constitution). See generally McHugh, *supra* note 115 (stating that article 133 of the Mexican Constitution is the supreme law of Mexico).

128. See Clarkson, *supra* note 117, at 227 (discussing Mexico's efforts to bring its intellectual property laws within NAFTA); Kryzda & Downey, *supra* note 126, at 101 (explaining that Mexico amended its industrial property legislation because it is a signatory of the NAFTA). See generally Leonides Ortiz Sanchez, *Mexico y La Propiedad Intelectual*, MOVIMIENTO CIUDADANO, at 35, <http://www.convergenciamexico.org.mx/propinte.pdf> (last visited Apr. 28, 2013) (mentioning that Mexico had amended some of its legislation because of its participation in the NAFTA).

129. See Clarkson, *supra* note 117, at 219 (pointing out that Mexico was aligned with provisions of NAFTA); Rafael V. Baca, *Compulsory Patent Licensing in Mexico in the 1990s: The Aftermath of NAFTA and the 1991 Industrial Property Law*, 8 TRANSNAT'L LAW. 33, 45-48 (1995) (likening article 17 of the NAFTA to Mexico's Industrial Property Law); see also Stephen Zamora, *NAFTA and the Harmonization of Domestic Legal Systems: The Side Effects of Free Trade*, 12 ARIZ. J. INT'L & COMP. L. 401, 409 (1995) (observing that Mexico would have little trouble complying with article 17 of the NAFTA because of its substantive overlap with Mexico's own Industrial Property Law).

130. See Kryzda & Downey, *supra* note 126, at 101 (admitting that the Industrial Property Law was amended in 1994 as a result of Mexico's signing of the NAFTA). See generally George Y. Gonzalez, Symposium, *An Analysis of the Legal Implications of the Intellectual Property Provisions of the North American Free Trade Agreement*, 34 HARV. INT'L L.J. 305, 315 (1993) (indicating that Mexico's Industrial Property Law was a precondition to the United States signing the NAFTA); Garcia, *supra* note 125, at 825 (suggesting that the Industrial Property Law was developed prior to NAFTA negotiations).

131. See generally Fernández-Alvarez, *supra* note 126, at 31 (describing the Mexican Institute of Industrial Property roles as being a "key factor in the modernization of IP issues in Mexico"); Ortiz Sanchez, *supra* note 128, at 35 (alluding to Mexico's creation of intellectual property institutions as a necessary response to NAFTA); L. Janá Sigars, *Proceedings of the Eighth Annual Conference on Legal Aspects of Doing Business in Latin America: Developing Strategies, Alliances, and Markets*, 10 FLA. J. INT'L L. 1, 49 (1995-96) (indicating that the Mexican Institute of Industrial Property was created following Mexico's signing of the NAFTA).

132. See Martín Michaus Romero, *El Fortalecimiento de los Derechos En Propiedad Intelectual En Mexico*, 2 REVISTA JURÍDICA DE UNIVERSIDAD CATÓLICA DE SANTIAGO DE GUAYAQUIL 79, 79 (2013) (explaining that Mexico's industrial property law came about as a result of

obligatory guidelines for institutions that failed to achieve their purpose within three years;¹³³ and substantive and procedural guidelines sensitive to Mexico's competitiveness *vis-à-vis* other countries, but principally with the United States.¹³⁴ The trends toward the increasing insistence on efficiency and flexibility demanded by modern entrepreneurs attempting to adapt to this new economic environment has caused the *Industrial Property Law* to be revised in 1997 and 1999, and to conserve or increase the levels of required legal security.¹³⁵

The *Industrial Property Law* was substantially reformed in 1999 to provide for adequate enforcement of intellectual property rights.¹³⁶ The central theme of this reform labeled "criminal" in industrial property matters the willful counterfeiting of trademarks.¹³⁷ The corresponding provisions of NAFTA and

numerous agreements, including NAFTA). *See generally* Kryzda & Downey, *supra* note 126, at 101–02 (giving a general rundown of the various amendments made to the former Industrial Property Law); Margaret A. Boulware, Jeffrey A. Pyle & Frank C. Turner, Symposium, *An Overview of Intellectual Property Rights Abroad*, 16 Hous. J. INT'L L. 441, 499–500 (1993–94) (suggesting broader justifications for the legislative reforms).

133. *But see* Boulware, Pyle & Turner, *supra* note 132, at 499–500 (offering other more general reasons for the changes in the Industrial Property Law). *See generally* Garcia, *supra* note 125, at 833–34 (mentioning the three-year period within which Mexico must implement some of its reforms); Kryzda & Downey, *supra* note 126, at 101–02 (describing the various reforms made with respect to the different types of industrial property).

134. *See* SIDNEY WEINTRAUB, *UNEQUAL PARTNERS: THE UNITED STATES AND MEXICO* 2–6 (John Charles Chasteen & Catherine M. Conaghan eds., 2010) (discussing the competitive and asymmetrical relationship between the United States and Mexico); JORGE I. DOMÍNGUEZ & RAFAEL FERNÁNDEZ DE CASTRO, *UNITED STATES AND MEXICO: BETWEEN PARTNERSHIP AND CONFLICT* 98–99 (noting the competitive nature of the relationship between the United States and Mexico); Sanford E. Gaines, *Rethinking Environmental Protection, Competitiveness, and International Trade*, 1997 U. CHI. LEGAL F. 231, 263 (1997) (making reference to the competitiveness that exists between the United States and Mexico); *see also* George L. Priest, *Lawyers, Liability, and Law Reform: Effects on American Economic Growth and Trade Competitiveness*, 71 DENV. U. L. REV. 115, 132–33 (1993) (discussing the effects that competitiveness can have on national wealth and on the citizens of both the United States and Mexico). *See generally* Kryzda & Downey, *supra* note 126, at 101 (explaining the changes to the legislation and the need for such changes); Villarreal, *supra* note 4, at 17 (noting the disparity between Mexico and the United States).

135. *See* Michaus Romero, *supra* note 132, at 147 (noting that after the Industrial Property Law was enacted in 1991, Mexico continued its development to conform with the requirements of NAFTA); Kryzda & Downey, *supra* note 126, at 101 (discussing how the Industrial Property Law was amended to conform with NAFTA).

136. *See* *Que Es El IMPI?*, SE, http://www.impi.gob.mx/wb/IMPI/que_es_el_impi_ (last visited Apr. 28, 2013) (noting that the industrial property law was significantly amended in 1999 to improve intellectual property protection); Keshia B. Haskins, *Special 301 in China and Mexico: A Policy Which Fails to Consider How Politics, Economics, and Culture Affect Legal Change Under Civil Law Systems of Developing Countries*, 9 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1125, 1143 (1999) (noting that since 1990 Mexico had made significant improvements regarding the protection of intellectual property). *See generally* Brown & Manolakas, *supra* note 97, at 73–74 (recalling that Mexico has tried to improve its protection of intellectual property before).

137. *See* WIPO, *Industrial Property Law (as last amended by the Decree of May 17, 1999)*,

TRIPS obligate the parties to classify criminal counterfeiting of trademarks as fraud on a commercial level.¹³⁸ The “criminal” reform of 1999 substituted the expression “on a commercial level” for “with the purpose of commercial speculation.”¹³⁹ This was done to facilitate the prosecution of trademark counterfeiting because quantity or volume of counterfeited goods does not determine whether to criminally prosecute the counterfeiter. Instead, under the 1999 reform, this decision is based on whether the counterfeiting is carried out “with a purpose of commercial speculation,” independently of the quantities of counterfeit goods detected.¹⁴⁰ This is relevant to those cases in which the detected counterfeit goods do not clearly establish production “on a commercial scale.” If trademark counterfeiting is performed with commercial speculation, presumptive evidence will then play an important role.¹⁴¹ The Mexican criminal reform offers more generous terms for the registered trademark owner than those provided by NAFTA or GATT.¹⁴² In the same “criminal” reform

(art.223) <http://www.wipo.int/wipolex/en/details.jsp?id=3077> (last visited Apr. 28, 2013) (detailing the text of the “criminal” reform, in article 223); Michaus Romero, *supra* note 132, at 99 (explaining that under the industrial property law reform, violations are labeled as criminal); see also Cooper, *supra* note 97, at 173 (noting that NAFTA criminalizes willful trademark counterfeiting); Tait R. Swanson, Comment, *Combating Gray Market Goods in a Global Market: Comparative Analysis of Intellectual Property Laws and Recommended Strategies*, 22 HOUS. J. INT’L L. 327, 351 (2000) (briefly stating that the enforcement of intellectual property laws is achieved through both administrative and criminal sanctions); *cf.* Lackert, *supra* note 51, at 162 (explaining why the United States has criminalized willful trademark counterfeiting). See generally J. Janewa Oseitutu, *Value Divergence in Global Intellectual Property Law*, 87 IND. L.J. 1639, 1672–73 n.200 (2012) (discussing the TRIPS requirement that willful infringement shall be criminalized)

138. See NAFTA, *supra* note 21, at art. 1717(1).

139. See *Industrial Property Law*, *supra* note 137, at art. 223 (which states in pertinent part that “[t]o falsify, in a willful manner and with the purpose of commercial speculation, trademarks protected by this law.”)

140. See *id.* See generally Natalie P. Stoianoff, *The Influence of the WTO over China’s Intellectual Property Regime*, 34 SYDNEY L. REV. 65, 80 (2012) (discussing the characterization of willful trademark infringement as criminal); Miriam Bitton, *Rethinking the Anti-Counterfeiting Trade Agreement’s Criminal Copyright Enforcement Measures*, 102 J. CRIM. L. & CRIMINOLOGY 67, 69–70 (2012) (emphasizing the importance of the commercial nature of trademark infringement in defining its criminality); López-Velarde, *supra* note 78, at 82 (characterizing trademark infringement done on a commercial scale as felonies); Kryzda & Downey, *supra* note 126, at 107 (identifying counterfeiting on a commercial scale as a crime under the new Industrial Property Law).

141. See generally Gonzalez, *supra* note 130, at 331–32 (discussing how presumptive consent plays into the determination of trademark infringement); López-Velarde, *supra* note 78, at 82 (establishing commerciality as an element of trademark counterfeiting); J.H. Reichman, Comment, *Enforcing the Enforcement Procedures of the TRIPS Agreement*, 37 VA. J. INT’L L. 335, 342–43 (1997) (noting the commercial requirement of trademark counterfeiting).

142. See generally Jeffrey M. Samuels & Linda B. Samuels, *The Changing Landscape of International Trademark Law*, 27 GW J. INT’L L. & ECON. 433, 435–37 (1994) (offering a discussion of the various protections afforded by the NAFTA and the GATT Agreement on TRIPS); Garcia, *supra* note 125, at 833 (indicating that the NAFTA imposes only a basic obligation of protection and enforcement); López-Velarde, *supra* note 78, at 69–71 (describing some of the trademark protections

other changes to the *Industrial Property Law* are considered, including the increase in prison sentences and fines for willful trademark counterfeiting,¹⁴³ and the addition of a new article specifically drafted to punish peddlers of goods that display counterfeit trademarks protected by law.¹⁴⁴ It should be noted that the Industrial Property Law of Mexico contains an entire chapter on offenses that violate property rights, which are protected by the Law mentioned above. Particularly, Article 223, paragraph II, states that fraudulent counterfeiting with the purpose of commercial speculation on protected trademarks is an offense protected by this Act. In addition, subsection III of Article 223 states it is a crime to

[p]roduce, store, transport, introduce to the country, distribute or sell, in a willful and with the purpose of commercial speculation, items bearing counterfeit marks protected by this Act. It also makes it a crime to knowingly provide or supply raw materials for the production of items bearing counterfeit marks protected by this Act.¹⁴⁵

A. Trademarks on the Internet

NAFTA does not address the use of trademarks on the Internet. This omission results from the fact that when the Agreement was negotiated the technological and commercial development of the Internet was not as significant as it currently is. One of the recurring problems with major commercial impact in the new era of the Internet is the use of trademarks as domain names. A domain name is the address of a site on the Internet that facilitates Internet connections and which, since they are easy to register, identify, and utilize, have become on numerous occasions, commercial identifications that substitute for the trademark itself.¹⁴⁶ Many businesses

provided by Mexican law).

143. See Michaus Romero, *supra* note 132, at 99 (stating that penalties under the industrial property law reform have been increased); cf. Angela Mia Beam, Comment, *Piracy of American Intellectual Property in China*, 4 J. INT'L L. & PRAC. 335, 343 (1995) (discussing the criminal penalties attached to crimes regarding developing industrial property in China).

144. See *Ley de la Propiedad Industrial – Ultima Reforma en Abril 9, 2012*, art. 22323 (1991), available at <http://www.diputados.gob.mx/LeyesBiblio/pdf/50.pdf> (enhancing criminal penalties for those selling goods in violation of the law). See generally Cooper, *supra* note 97, at 173 (lamenting the history of weak enforcement of intellectual property rights in Mexico); Michaus Romero, *supra* note 132, at 80–82 (discussing the improvements made in Mexican intellectual property law and predicting policy changes in this area for the future).

145. See *Ley de la Propiedad Industrial*, *supra* note 144.

146. See *Internet Domain Names*, 29 No. 1 CORP. COUNS. QUARTERLY ART 4, 38 (2013) (discussing the function of a domain name, and the link between domain names and trademarks); Jude A. Thomas, *Fifteen Years of Fame: The Declining Relevance of Domain Names in the Enduring Conflict between Trademark and Free Speech Rights*, 11 J. MARSHALL REV. INTELL. PROP. L. 2, 8

utilize their current trademarks as domain names, attracting potential clients to their Internet pages.¹⁴⁷ The problem that occurs with domain names used on the Internet is in great part a result of improper “cyber-squatting.”¹⁴⁸ “Cyber squatters” take advantage of the fact that there is no agreement regulating organizations in charge of registering domain names to conduct preliminary reviews and attempt to anticipate possible problematic names. Once “cyber squatters” obtain a domain name, they often auction it to the interested company at a price well beyond the price that the “cyber squatters” paid for registration of the domain name.¹⁴⁹

NAFTA has allowed its signatories, especially Mexico, to integrate and compete in the American market. Therefore, more companies around the world see Mexico as part of the North American market.¹⁵⁰ The integration promoted by NAFTA has formed solid, productive, and efficient chains that bind

(2011-12) (explaining how domain names work and their relation to trademarks); *see also* *Computeruser.com High-Tech Dictionary*, <http://www.computeruser.com/resources/dictionary> (last visited Mar. 23, 2013). *See generally* Gerard N. Magliocca, *One and Inseparable: Dilution and Infringement in Trademark Law*, 85 MINN. L. REV. 949, 1024-27 (2000-01) (describing the effect of the internet on trademark use and name recognition).

147. *See Controversias Relativas a Los Nombres de Dominio de Internet: Preguntas y Respuestas*, WIPO.INT, http://www.wipo.int/about-ip/es/studies/publications/domain_names.htm (last visited Apr. 28, 2013) (providing common questions and answers for domain name and trade mark registration disputes); *see also* Marisa D. Faunce & Benjamin B. Reed, *What's in a Name? A Lot: Trademark and Brand Protection Strategies for Franchisors*, 19 BUS. L. TODAY 31, 33 (2009-10) (identifying the importance of trademark and domain name registration in the computer age). *See generally* Jeffrey Selingo, *Rule Your Own Realm: The Ultimate E-Mail Address*, N.Y. TIMES, Jan. 16, 2003, at G7 (examining the value of domain names to businesses).

148. *See* Jacqueline D. Lipton, *Bad Faith in Cyberspace: Grounding Domain Name Theory in Trademark, Property, and Restitution*, 23 HARV. J.L. & TECH. 447, 448 (2009-10) (discussing the problem of cyber-squatting); *see also* Thomas, *supra* note 146, at 2-4 (providing a thorough example of cyber-squatting and discussing the problems associated with cyber-squatting). *See generally* William Glanz, *Anti-Abortion Cyber-Squatter Is Found in Contempt of Court*, WASH. TIMES, Feb. 5, 2003 (defining cyber-squatting and explaining the act using the example of an anti-abortion cyber-squatter).

149. *See* DAVID KESMODEL, *THE DOMAIN GAME: HOW PEOPLE GET RICH FROM INTERNET DOMAIN NAMES* 20 (2008) (recounting the classic manner in which a cyber-squatter makes money); Lipton, *supra* note 148, at 447-48 (describing the purpose and practice of cyber-squatting); *see also* Marjorie Chertok & Warren E. Agin, *Restart.com: Identifying, Securing and Maximizing the Liquidation of Cyber-Assets in Bankruptcy Proceeding*, 8 AM. BANKR. INST. L. REV. 255, 274 (2000) (examining the importance of domain names to businesses). *See generally* Jane Fankhanel & Felicia Gross, *Second Circuit Tackles Wide Array of Appeals*, NAT'L L.J., Apr. 2, 2001, at B9 (identifying the practice of cyber-squatting).

150. *See* Dana Gabriel, *Beyond NAFTA: Shaping the Future of North American Integration within the Global Economy*, GLOBAL RESEARCH (Dec. 11, 2012), <http://www.globalresearch.ca/beyond-nafta-shaping-the-future-of-north-american-integration-within-the-global-economy/5315136> (highlighting Mexico's integration in the North American market thanks to NAFTA); *see generally* Cooper, *supra* note 97, at 171 (noting the changes Mexico has implemented to integrate itself better with the NAFTA countries).

producers of the three signatory countries with producers and consumers from diverse sectors inside and outside of the region.¹⁵¹ Moreover, even though NAFTA's provisions pertaining to intellectual property have created the highest standards for their protection and achievement, which would never have been negotiated without allowing the signatories to establish more rigorous standards,¹⁵² NAFTA should add concrete provisions protecting trademarks for domain names with the same protection afforded to other forms of intellectual property. Considering the informative capacity of the Internet, which has a global ambit, protection of trademarks as domain names cannot be left to depend upon provisions of other entities (such as WIPO) if the signatories of NAFTA hope to receive great benefits. These benefits are obtainable by providing other interested parties the best possible confidence to promote their products and services via electronic means.¹⁵³ Confidence can only be offered by including in the trademark law, in a clear and specific manner, the necessary protection to avoid plagiarism through the use of trademarks as domain names.¹⁵⁴

151. See Clarkson, *supra* note 117, at 29 (discussing the effects of NAFTA on intellectual property law). *But see* Tim Weiner, In Corn's Cradle, U.S. Imports Bury Family Farms, N.Y. TIMES, Feb. 26, 2002, at A4 (explaining that NAFTA has had a negative impact on small farmers in the signatory countries). See generally Craig L. Jackson, The Free Trade Agreement of the Americas and Legal Harmonization, ASIL INSIGHTS, June 1996 (examining the effect of NAFTA on economic integration in North America).

152. See Fran Smallson, NAFTA's Intellectual Property Provisions, DR. DOBB'S, (Nov. 1, 1994), <http://www.drdoobs.com/naftas-intellectual-property-provisions/184409468> (noting that NAFTA only establishes minimum standards for intellectual property protection); see also Neil Jetter, Comment, NAFTA: The Best Friend of an Intellectual Property Right Holder Can Become Better, 9 FLA. J. INT'L L. 331, 333 (1994) (recognizing that signatories are permitted to establish more stringent intellectual property protections); James A.R. Nafziger, NAFTA's Regime for Intellectual Property: In the Mainstream of Public International Law, 19 HOUS. J. INT'L L. 807, 816 (1997) (acknowledging that NAFTA signatories have agreed only to implement and enforce basic intellectual property protections).

153. See Faunce & Reed, *supra* note 147, at 33 (relating the importance of protecting domain names); Anne H. Chasser, *Developments at the United States Patent and Trademark Office*, 19 TEMP. ENVTL. L. & TECH. J. 27, 28 (2000) (implying that recent developments have improved the confidence of people dealing with the office). See generally Internet Domain Names, *supra* note 146 (noting that some companies have embedded a competitor's trademarks within the meta tags of their company's website with the intention of getting traffic intended for the competitor).

154. See United States Patent and Trademark Office Examination Guide No. 2-99, *Marks Composed, In Whole or in Part, of Domain Names*, available at <http://ceaseanddesisttrademark.com/TrademarkLitigationStudy.pdf> (detailing the procedures for accepting a domain name as domain names); Anna Maria Ceballos Aristizábal, *El Desafío de la Propiedad Industrial Frente a las Nuevas Tecnologías Informáticas: El Sistema de Marcas Frente a los Nombres de Dominio* 48-49, UNIVERSIDAD EAFIT (2007), http://repository.eafit.edu.co/bitstream/10784/445/1/AnaMaria_CeballosAristizabal_2007.pdf (last visited Apr. 28, 2013) (highlighting the importance of coherent legislation regarding trademarks and domain names). See generally Rebecca W. Gole, *Playing the Name Game: A Glimpse at the Future of the Internet Domain Name System*, 51 FED COMM. L.J. 403, 409-13 (1998-99) (discussing the current conflicts between trademark law and domain names).

Reference should also be made to the *Collective Recommendation Regarding Provisions for the Protection of Trademarks and other Rights of Industrial Property for Signs on the Internet*, adopted by the Paris Union Assembly for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (WIPO) during the thirty-sixth Reunion of the Assemblies of Member States of the WIPO on September 24th to October 3rd, 2001. This Recommendation creates a new legal framework for trademark owners wishing to use their trademarks on the Internet and participate in the evolution of electronic commerce.¹⁵⁵ It provides that the use of a distinctive sign on the Internet contributes to the acquisition, maintenance or infraction of a trademark.¹⁵⁶ Unfair competition is handled with the same corresponding corrective measures. In this manner the OMPI collaborates in the development of the international intellectual property law.¹⁵⁷ The Recommendation does not pretend to give an exhaustive definition of the term “Internet,” but rather defines “Internet” as “an interactive medium for communication which contains information that is simultaneously and immediately accessible irrespective of territorial location to members of the public from a place and at a time individually chosen by them.”¹⁵⁸ Taking into

155. See LOUIS ALTMAN & MALLA POLLACK, CALLMANN ON UNFAIR COMP., TR. & MONO. § 22:36 (4th ed. 2013) (pointing out that more and more business are seeking an internet presence). See generally Kitsuron Sangsuvan, *Separation of Powers in Intellectual Property Rights: Balancing Global Intellectual Property Rights or Monopoly Power in the Twenty-First Century by Competition Law*, 26 N.Y. INT’L L. REV. 1, 4–6 (2013) (discussing the agreements that resulted after the Uruguay negotiations); Joseph Straus, *A Marriage of Convenience: World Economy and Intellectual Property from 1990 to 2012*, 40 AIPLA Q.J. 633, 639 (2012) (describing the function of the Paris Union Assembly and WIPO).

156. See Angela L. Patterson, Comment, *With Liberty and Domain Names for All: Restructuring Domain Name Dispute Resolution Policies*, 40 SAN DIEGO L. REV. 375, 392–93 (stating that the majority of courts tend to stretch the laws to favor trademark users); David Romero, *A Worldwide Problem: Domain Names Disputes in Cyberspace Who is in Control?*, 9 CURRENTS: INT’L TRADE L.J. 69, 69 (2000) (stating that cases filed in the United States generally result in more favorable outcomes for the trademark owner). See generally Susan Thomas Johnson, *Internet Domain Name and Trademark Disputes: Shifting Paradigms in Intellectual Property*, 43 ARIZ. L. REV. 465, 470 (discussing the conflict between trademark laws and domain names on the Internet).

157. See WIPO, *Proposed Joint Recommendations Concerning Provisions on the Protection of Marks, and Other Rights in Signs, on the Internet*, Doc. A/36/8 (June 18, 2001) (introducing a legal paradigm to resolve trademark disputes involving the use of domain names on the Internet); see also Susan Johnson, *supra* note 156, at 484–85 (examining a variety of solutions to intellectual property disputes as a result of the evolution of the Internet, including an overview of the WIPO recommendations). See generally Graeme B. Dinwoodie, *The Architecture of the International Intellectual Property System*, 77 CHI.-KENT. L. REV. 993, 1000 (2002) (discussing the role of the courts in developing the structure of the international intellectual property system, citing the recommendations of the WIPO).

158. See Joint Recommendation related to the Provisions on the Protection of Trademarks and other Rights of Industrial Property on Signs in the Internet, WTO, 2001, art. 1; WIPO, *Proposed Joint Recommendations Concerning Provisions on the Protection of Marks, and Other Rights in Sign on the*

consideration the rate of technological development in this modern medium of communication, a definition of the term “Internet” may quickly become obsolete.

The provisions of this Recommendation do not constitute intellectual property norms for the Internet but rather serve as a framework to guide legislative bodies of each country or regional trading organizations regarding legal problems arising from use on the Internet.¹⁵⁹

Perhaps the area in which the development of the Internet has, expectedly, had the biggest impact is in the registration and maintenance of trademarks.¹⁶⁰ Although, as previously mentioned, NAFTA does not address Internet issues when dealing with trademarks, all three NAFTA countries have developed systems that allow for registrations and maintenance of a trademark. The United States, through its Patent and Trademarks Office, has implemented the Trademark Electronic Application System (TEAS)¹⁶¹, which allows an applicant to fill out and submit a trademark application online, and to submit payment for that application.¹⁶² TEAS can also be used to maintain the trademark after the application has been submitted and approved.¹⁶³ The Canadian Intellectual Property Office provides a similar system by which an applicant can prepare, submit, pay for, and maintain a trademark.¹⁶⁴ The

Internet, *supra* note 157 (stating the WIPO’s definition of the Internet); P. Greg Gulick, *E-Health and the Future of Medicine: The Economic, Legal, Regulatory, Cultural, and Organizational Obstacles Facing Telemedicine and Cybermedicine Programs*, 12 ALB. L.J. SCI. & TECH. 315, 353–54 (2001-02) (indicating the United States Supreme Court’s definition of the Internet). *See generally* David L. Hayes, *Advanced Copyright Issues on the Internet*, 7 TEX. INTELL. PROP. L.J. 1, 102 (1998-99) (discussing the worldwide need for revision of definition of copyright right on the Internet for trademark purposes).

159. *See* WIPO, *About WIPO: What is WIPO?* (stating the mission and intentions of the WIPO), available at http://www.wipo.org/about-wipo/en/index.html?wipo_content_frame=/about-wipo/en/dgo/pub487.htm (last visited Mar. 24, 2013). *See generally* Marney L. Cheek, *The Limits of Informal Regulatory Cooperation in International Affairs: A Review of the Global Intellectual Property Regime*, 33 GEO. WASH. INT’L L. REV. 277, 310–12 (2000-01) (examining the role of the WIPO in the regulation of intellectual property rights).

160. *See generally* Theresa Nguyen, *A Guide to E-Registration of a Mark Already in Use*, 19 J. CONTEMP. LEGAL ISSUES 110 (2010) (detailing the steps to file a U.S. trademark application online); Fernández-Alvarez, *supra* note 126, at 33–36 (discussing the technical use of the internet by Mexico in the area of Intellectual Property applications).

161. *See Trademark/Service Mark Application System*, USPTO.GOV, <http://www.uspto.gov/teas/teasplus.htm> (last visited May 24, 2013).

162. *See id.*

163. *See Frequently Asked Questions About Trademarks*, USPTO.GOV, http://www.uspto.gov/faq/trademarks.jsp#_Toc275426691 (last visited May 24, 2013) (making clear that “TEAS can also be used to file other documents including a response to an examining attorney’s Office action, a change of address, an allegation of use, and post registration maintenance documents.”).

164. *See Filing a Trade-Mark Application*, CANADIAN INTELLECTUAL PROPERTY OFFICE, <http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr01369.html> (last visited May 24,

Mexican Institute of Industrial Property (IMPI) has also implemented a system to submit and maintain a trademark application.¹⁶⁵ Through the “Portal de Pagos y Servicios Electrónicos (PASE)” [Payment and Electronic Services Portal], an applicant can prepare, pay for, and submit an application for a trademark.¹⁶⁶ Although the U.S. and Canada provide useful information on how to register a trademark, Mexico has published a step-by-step user guide on how to prepare and submit a trademark application.¹⁶⁷ It should be noted that all three systems also maintain a database that allows the applicant to search the trademark before he or she submits the application.¹⁶⁸

Taking into consideration that the main characteristic of the Internet is its “worldwide character,” the issue of national or regional laws will be tested, and certain revisions in the legislation of countries or regions with the intent of granting an adequate level of protection to Internet trademarks and other rights over distinct signs will be necessary.¹⁶⁹ Such is the case with member states of NAFTA, which are the focus of this study, amending their laws to address Internet trademarks matters.¹⁷⁰

2013).

165. See *Portal de Pagos y Servicios Electrónicos del IMPI*, SECRETARIA DE ECONOMIA - IMPI, <http://eservicios.impi.gob.mx> (last visited May 24, 2013).

166. See *id.*

167. See *Guía del Usuario – Signos Distintivos* [User’s Guide – Distinctive Signs], SECRETARIA DE ECONOMIA – IMPI, http://www.impi.gob.mx/work/sites/IMPI/resources/LocalContent/880/7/GUSD_2012.pdf (last visited May 24, 2013) (providing step-by-step instructions on how to submit a Mexican trademark application through PASE).

168. See *Trademark Electronic Search System*, USPTO.GOV, <http://www.uspto.gov/trademarks/index.jsp> (last visited May 24, 2013) (allowing the search of registered trademarks); *Filing a Trade-Mark Application*, *supra* note 164; *SIGA – eGaceta*, SECRETARIA DE ECONOMIA – IMPI, <http://siga.impi.gob.mx/> (last visited May 24, 2013) (providing a means to conduct a search of trademark applications).

169. See Patterson, *supra* note 156, at 422 (discussing registration of domain names and the fact that trademark owners are favored over non-trademark owners and that a new solution to protect Internet users is necessary); Kenneth L. Port, *Intellectual Property in an Information Economy: Trademark Monopolies in the Blue Nowhere*, 28 WM. MITCHELL L. REV. 1091, 1098–99 (2002) (discussing international domain name dispute resolution and the extent to which it affects trademarks).

170. See *Legal and Technical Implications of Canadian Adherence to the Madrid Protocol*, CANADIAN INTELLECTUAL PROPERTY OFFICE (Jan. 2012) <http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr00327.html#hid314232934> (last visited Apr. 28, 2013) (asserting that Canada Trademark law is in accordance with NAFTA); *Effects of GATT and NAFTA on PTO Practice*, USPTO.GOV, <http://www.uspto.gov/web/offices/com/doc/uruguay/URPAPER.html> (last visited Apr. 28, 2013) (noting that significant changes will be required in U.S. intellectual property law in order to meet the requirements of NAFTA); Ortiz Sanchez, *supra* note 128, at 35 (discussing that Mexico has and continues to update its intellectual property laws in order to comply with the provisions found in the NAFTA agreement).

V. MEXICO IN THE INTERNATIONAL ARENA OF TRADEMARK LAW

This section provides a general framework of the internationalization of Mexico's Intellectual Property protections, as well as a discussion of Mexico's Intellectual Property agreements involving trademarks. Mexico has pursued an aggressive strategy of bilateral and regional agreements related to intellectual property protection.¹⁷¹ It is evident that among countries, economic improvement is generally the main motivation to form Free Trade Agreements (FTA), and Mexico's case is no different.¹⁷² However, it seems that Mexico's strategy of bilateral agreements is also intended to decrease its reliance on the United States as a trading partner.¹⁷³ Whatever the reason however, Mexico is a party to a large number of treaties that involve IP rights.¹⁷⁴ Incidentally, Mexico's trading deficit with the United States will be discussed *infra* in more detail.

A. Mexico's Treaties Involving Trademarks

Beginning with the Paris Convention of 1883 "which constitutes, without a doubt, the most purified corpus of supranational norms in the ambit of industrial property",¹⁷⁵ Mexico has executed the following international trademark

171. See Okediji, *supra* note 120, at 128–29, (2004) (pointing out that Mexico "ha[s] pursued an ongoing explicit strategy of bilateral and regional trade agreements that incorporate substantive regimes of intellectual property protection"); Mexico Country Strategy Paper 2007-2013, *supra* note 18, at 6 (reporting that Mexico has pursued an ambitious policy of trade liberalization, which has culminated in various Free Trade Agreements, including NAFTA); Villarreal, *supra* note 8, at Summary (stating that "Mexico has had a growing commitment to trade integration and liberalization through the formation of free trade agreements (FTAs) since the 1990s and its trade policy is among the most open in the world"). Interestingly, some scholars see the United States pursuit of Trade Agreements as a negative.

172. See *id.* "[One of] Mexico's primary motivations for its unilateral trade liberalization efforts of the late 1980s and early 1990s was to improve economic conditions in the country, which policymakers hoped would lead to greater investor confidence, attract more foreign investment," and create jobs. *Id.*

173. See Villarreal, *supra* note 8, at 2 (noting that "Mexico has other motivations for continuing trade liberalization with other countries, such as . . . decreasing its reliance on the United States as an export market"); Dave Graham, *Mexico's Pena Nieto Backs Stronger Trade Ties With Asia*, REUTERS, Jul. 23, 2012, <http://mobile.reuters.com/article/worldNews/idUSBRE86M0T220120723> (reporting that then President-elect Enrique Pena stated during an interview that "Mexico is obliged to look for other markets to strengthen growth . . . Asia, it's a region with a lot of consumers and where the spending power of the market has grown and improved. This is an opportunity for the Mexican presence."); Jean Chua, *Mexico to Reduce Reliance on U.S.: President Calderon*, CNBC (Sep. 11, 2012), <http://www.cnbc.com/id/48982184> (reporting that now-former president Felipe Calderon, during a visit to Singapore, stated that "Mexico is looking for new markets and we're trying to reduce our dependency on the United States").

174. See Mexico, WIPO RESOURCES, <http://www.wipo.int/wipolex/en/profile.jsp?code=MX#a6> (last visited Mar. 12, 2013) (listing the IP related treaties to which Mexico is a party).

175. See FERNÁNDEZ-NÓVOA, *supra* note 32, at 580.

treaties:

1. Paris Convention for the Protection of Industrial Property (March 20, 1883).¹⁷⁶
2. Nice Agreement for International Classification of Products and Services for the Registration of Trademarks (June 15, 1967).¹⁷⁷
3. Convention Establishing the World Organization of Intellectual Property (July 14, 1967; Stockholm, Switzerland).¹⁷⁸
4. Vienna Accord for International Classification of the Figurative Trademark (June 12, 1973).¹⁷⁹
5. Nairobi Treaty on the Protection of the Olympic Symbol (September 26, 1981).¹⁸⁰
6. North American Free Trade Agreement (January 1, 1994).¹⁸¹
7. World Trade Organization (April 15, 1994; Marrakech, Morocco).¹⁸²
8. Trade Related Aspects of Intellectual Property Rights (TRIPS). This agreement originated from GATT and is annex 1C of the WTO Agreement (January 1, 1995), date in which WTO was established, as a consequence of the signing of its founding

176. See Paris Convention for the Protection of Industrial Property, *supra* note 60 (enabling protection for patents and trademarks by setting minimum standards among the member countries for industrial property protection).

177. See Nice Agreement for International Classification of Products and Services for the Registration of Trademarks, June 15, 1967, T.I.A.S. No. 7419, 828 U.N.T.S. 191 (establishing a common classification of goods and services, divided into several specific classes, to better enable the registration of marks among the countries party to the agreement).

178. See Convention Establishing the World Organization of Intellectual Property, July 14, 1967, 21 U.S.T. 1749, 6 I.L.M. 782 (promoting the protection of intellectual property through the development of measures to facilitate and synchronize legislation on this subject through all nations).

179. See Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks, June 12, 1973, *available at* <http://www.wipo.int/treaties/en/classification/vienna/> (establishing a classification system for designs and figurative elements among member countries, which do not all have to adopt these classes, but must include the classes within the agreement when marks are registered).

180. See Nairobi Treaty on the Protection of the Olympic Symbol, Sep. 26, 1981, *available at* http://www.wipo.int/treaties/en/ip/nairobi/trtdocs_wo018.html (providing for the protection of the Olympic symbol against use for commercial purposes without the authorization of the International Olympic Committee).

181. See NAFTA, *supra* note 21 (incorporating more items, such as trade secret rights and industrial design rights in the definition of intellectual property).

182. See *Marrakech Agreement Establishing the World Trade Organization*, Apr. 15, 1994, 33 I.L.M. 1143 (1994) (establishing protection for trademarks among members through agreements such as Trade-Related Aspects of Intellectual Property Rights).

- agreement (April 15, 1994; Marrakech, Morocco).¹⁸³
9. Protocol of 1989 re Madrid Agreement of 1891.¹⁸⁴

Mexico has not executed the following international trademark treaties:

1. Madrid Agreement for International Registration of Trademarks (April 14, 1891).¹⁸⁵
2. Agreement of Trademark Rights (October 27, 1994; Geneva, Switzerland).¹⁸⁶
3. Singapore Treaty on the Law of Trademarks (March 27, 2006).¹⁸⁷

B. Future of NAFTA

1. Trade Balance

According to the United States Census Bureau, Canada is the United States' largest trading partner, accounting for 16.2% of the U.S. total trade, as of

183. See *Agreement on Trade-Related Aspects of Intellectual Property Rights*, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 33 I.L.M. 81 (1994) (establishing standards for intellectual property among WTO members to create an international system in this area).

184. See *Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks*, June 27, 1989, 8 *World Intellectual Property Organization, Industrial Property Law and Treaties Text 3-007*, at 1 (allowing non-member countries of the Madrid Agreement to implement the international registration system, without fully agreeing to all terms of the Madrid Agreement, and gain protection among the member countries for registrants within their nation). See also Decreto Promulgatorio del Protocolo Concerniente al Arreglo de Madrid Relativo al Registro Internacional de Marcas [Decree Promulgating the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks], Diario Oficial de la Federación [DO], 12 de Febrero de 2013 (Mex.) (joining Mexico to the Madrid Protocol of 1989). See generally *Madrid Agreement Concerning the International Registration of Marks*, Apr. 14, 1891, 828 U.N.T.S. 389 (entered into force Jan. 1, 1892) (implementing an international system of registration which gives registrants in one member country protections for their trademark in the other member countries).

It should be noted that the Madrid Agreement and the Madrid Protocol are two different treaties. A country can be a party to either or both treaties. Although both treaties are administered by the International Bureau of World Intellectual Property Organization (WIPO), located in Geneva, Switzerland, there are different forms, procedures of registration and fees. Trademarks registered in a member country of the Agreement can only be protected in other countries of the Agreement. The same applies to the Protocol. A trademark in a country which is a member of the Agreement and the Protocol can be protected in countries of both the Agreement and of the Protocol.

185. See *Madrid Agreement*, *supra* note 184.

186. See *Trademark Law Treaty*, Oct. 27, 1994, available at <http://www.wipo.int/treaties/en/ip/tlt/> (applying to the registration of visible marks that relate to goods and services).

187. See *Singapore Treaty on the Law of Trademarks*, (Mar. 27, 2006), available at <http://www.wipo.int/treaties/en/ip/singapore> (building on the Trademark Law Treaty of 1994 and increasing the scope of application, addressing new developments in the field of communication technology).

2011.¹⁸⁸ China sits in second place with 13.6% of the United States total trade.¹⁸⁹ Mexico is third, with 12.5% of the U.S. total trade.¹⁹⁰ Of all the goods exported by the United States, 19% go to Canada, 13% to Mexico, and 7% to China.¹⁹¹ When it comes to imports, 18.1% come from China, 14.3% from Canada, and only 11.9% from Mexico.¹⁹² Therefore, it is clear that despite NAFTA, the United States buys goods from China more than any other country, even its NAFTA partners Mexico and Canada.

There is no question that the United States is, by far, Mexico's most significant trading partner.¹⁹³ As of 2012, 77.1% of Mexican exports went to the United States,¹⁹⁴ and 50.5% of its imports came from the same.¹⁹⁵ Second to the United States, China accounted for 14.4% of Mexican imports, far above the 2.63% that went to Mexico from Canada.¹⁹⁶ This means that Mexico buys far more from China than from Canada, its NAFTA partner. But Mexico exports only 1.5% of its goods to China, which results in a large trade deficit for Mexico with China.¹⁹⁷

What the current trade balance shows is that China is a hugely significant trading partner to both the United States and Mexico, despite the fact that neither country has a FTA with China. Despite calls for the United States to open FTA negotiations with China,¹⁹⁸ no negotiations are in progress. Mexico, on the other hand, although not officially negotiating a FTA with China, has

188. See *Foreign Trade: Top Trading Partners—December 2011*, UNITED STATES CENSUS BUREAU, <http://www.census.gov/foreign-trade/statistics/highlights/top/top1112yr.html> (last visited Mar. 14, 2013) (listing the U.S. top trading partners).

189. See *id.*

190. See *id.*

191. See *id.*

192. See *id.*

193. See *The World Factbook: Mexico*, CIA.gov, (Mar. 15, 2013), available at <https://www.cia.gov/library/publications/the-world-factbook/geos/mx.html> (noting that the U.S. is Mexico's biggest trade partner).

194. See *Informacion Estadistica y Arancelaria, Secretaria de Economia: Importaciones y Exportaciones por Pais de 1993 a 2012 – Exportaciones*, http://www.economia.gob.mx/files/comunidad_negocios/comercio_exterior/informacion_estadistica/Acum-Exporta.pdf (last visited Mar. 17, 2013) (listing Mexico's exports by country).

195. See *Informacion Estadistica y Arancelaria, Secretaria de Economia: Importaciones y Exportaciones por Pais de 1993 a 2012 – Importaciones*, http://www.economia.gob.mx/files/comunidad_negocios/comercio_exterior/informacion_estadistica/Acum-Importa.pdf (last visited Mar. 17, 2013) (listing Mexico's imports by country).

196. See *id.*

197. See *Exportaciones, supra*, note 194.

198. See Maurice R. Greenberg, *Time for a China-U.S. Free Trade Agreement*, WALL ST. J., (Jan. 9, 2012), available at <http://online.wsj.com/article/SB10001424052970203471004577143121577631562.html> (calling for the United States to open negotiations with China for free trade agreement, despite probable long and protracted negotiations).

received a proposed FTA from China.¹⁹⁹

A FTA with China would be significant, but of particular interest to this article is the question of whether such a FTA would contain trademark provisions. The issue of a FTA with China is also significant when one considers the fact that although China is a member to several treaties relating to trademark protection,²⁰⁰ scholars have noted that China does not have a strong record of trademark protection.²⁰¹

2. FTAA

The Free Trade Area of the Americas (FTAA) (Spanish: Área de Libre Comercio de las Américas (ALCA)), is a proposed agreement similar to, and in fact an extension of, NAFTA.²⁰² The FTAA is intended to eliminate or reduce the trade barriers among all countries in the Americas.²⁰³ The United States, Canada and Mexico are all part of the FTAA negotiations.²⁰⁴ During initial

199. See *Mexico: China Proposes FTA with Mexico*, Library of Congress, (Jan. 27, 2012), available at http://www.loc.gov/lawweb/servlet/lloc_news?disp3_1205402963_text (pointing out that “China is seeking a free trade agreement with Mexico in order to strengthen relations between the two nations”).

200. See *China Intellectual Property Rights: Trademark*, EMBASSY OF THE UNITED STATES, <http://beijing.usembassy-china.org.cn/iptrade.html> (last visited Mar. 23, 2013) (noting that China has ratified the *Agreement on Trade Related Aspects of Intellectual Property Rights* (TRIPS) since 2001, the *Berne Convention for the Protection of Literary and Artistic Works* since 1992, the *Madrid Agreement Concerning the International Registration of Marks* since 1989, the *Paris Convention for the Protection of Industrial Property* since 1985, and the *Convention Establishing the World Intellectual Property Organization* (WIPO) since 1980).

201. See Anne M. Wall, *Intellectual Property Protection in China: Enforcing Trademark Rights*, 17 MARQ. SPORTS L. REV. 341, 342 (2006-07) (commenting that “China is considered by many to be the single largest producer of pirated and counterfeit goods in the world”); Robert H. Hu, *International Legal Protection of Trademarks in China*, 13 MARQ. INTELL. PROP. L. REV. 69, 74 (2009) (noting that many Western governments charge China of with doing a poor job protecting intellectual property, especially foreign intellectual property).

202. See *Free Trade Area of the Americas – FTAA*, FTAA-ALCA.ORG, http://www.ftaa-alca.org/View_e.asp (last visited Mar. 14, 2013).

Interestingly, the initial proposal was that “the FTAA be called simply ‘AFTA’ by dropping the ‘North’ from the North American Free Trade Agreement, or NAFTA. This was rejected when Brazil pointed out that in Portuguese ‘afta’ was slang for a certain variety of open mouth sores.” See Frank J. Garcia, *NAFTA and the Creation of the FTAA: A Critique of Piecemeal Accession*, 35 VA. J. INT’L L. 539, 540 n.4 (1994-95) (citing David E. Sanger, *An Epidemic Averted: Foot-in-Mouth Disease*, N.Y. TIMES, Dec. 11, 1994, at 22).

203. See *Free Trade Area of the Americas – FTAA*, *supra* note 202 (explaining that “[t]he effort to unite the economies of the Americas into a single free trade area began at the Summit of the Americas, which was held in December 1994 in Miami, U.S.A.”); U.S. Gov’t Accountability Office, GAO-05-166, *Free Trade of The Americas: Missed Deadline Prompts Efforts to Restart Stalled Hemispheric Trade Negotiations* (2005) (noting that the FTAA would reduce trade barriers and foster economic integration), available at <http://www.gao.gov/assets/250/245705.pdf>.

204. See *Free Trade Area of the Americas – FTAA: Links to FTA Countries*, FTAA-ALCA.ORG, http://www.ftaa-alca.org/busfac/clist_e.asp (last visited Mar. 14, 2013) (listing the

negotiations, the represented countries agreed to complete negotiations by 2005,²⁰⁵ but the FTAA missed that deadline.²⁰⁶ The heads of the FTAA held the Sixth Summit of the Americas in Colombia in April 2012,²⁰⁷ but no significant progress was made.²⁰⁸ Perhaps given the slow progress of the FTAA talks over time, some countries, including the United States and Mexico, have moved in the direction of establishing bilateral trade deals, not wanting to lose a chance of hemispheric trade expansion.²⁰⁹

The FTAA Chapter of interest to this article is the Draft Chapter in Intellectual property Rights.²¹⁰ Scholars have pointed out that the Draft Chapter was based in part on NAFTA.²¹¹ As a result, the FTAA and NAFTA provisions

countries participating in FTAA, including the United States, Mexico and Canada).

Although most countries in the Americas are in the talks, Cuba has been excluded. See Joe Zopolsky, *Implementing the FTAA: A Survey of Hemispheric Unification Efforts Within the Americas over the Past Ten Years*, 9 CURRENTS INT'L TRADE L.J. 91, 91 (2000) (pointing out that Cuba has been excluded from FTAA talks). See generally Jackie Calmes & William Neuman, *Americas Meeting Ends With Discord Over Cuba*, THE N.Y. TIMES, Apr. 15, 2012, available at http://www.nytimes.com/2012/04/16/world/americas/summit-of-the-americas-ends-without-consensus-statement.html?_r=1& (reporting that a meeting of the FTAA countries was sharply divided over whether to continue to exclude Cuba).

205. See *Free Trade Area of the Americas – FTAA*, *supra* note 202 (stating that the heads of state of the thirty-five countries in the FTAA region “agreed to complete negotiations towards this agreement by the year 2005”).

206. See *Free Trade of The Americas: Missed Deadline*, *supra* note 203, at 2 (stating that key FTAA milestones for progress have been missed and that the January 2005 deadline for conclusion of negotiations has been missed).

207. See *Meetings of the Summit Implementation Review Group*, SIRG, http://www.summit-americas.org/sirg_meet_2012.html#041412 (last visited Mar. 14, 2013) (showing the date of the last Summit).

208. See *Mandates Arising from the Sixth Summit of the Americas*, SIRG, http://www.summit-americas.org/SIRG/2012/041412/mandates_sc_en.pdf (last visited Mar. 14, 2013) (listing the mandates arising from the Sixth Summit of the Americas).

209. See Okediji, *supra* note 120, at 128–29 (noting that the United States has a strategy of bilateral and regional free trade agreements). See generally Villarreal, *supra* note 8 (explaining that Mexico has pursued an ambitious policy of trade liberalization, which has culminated in various Free Trade Agreements).

Although the United States, like Mexico, has pursued a strategy of bilateral and regional FTA's that target intellectual property protection, unlike Mexico, it has not been praised for its efforts. See Okediji, *supra* note 120, at 129 (lamenting that the United States employs a strategy of bilateral and regional agreements “at the expense of developing countries whose interests in market access are often of more immediate political and economic relevance to their domestic constituents”); Rosemary J. Coombe, *Fear, Hope, and Longing for the Future of Authorship and a Revitalized Public Domain in Global Regimes of Intellectual Property*, 52 DEPAUL L. REV. 1171, 1177 (2002-03) (describing the growing tendency of the U.S. to press developing countries to accept bilateral treaties with higher IP protection).

210. *Free Trade Area of the Americas – FTAA: Second Draft Agreement, Chapter on Intellectual Property Rights*, FTAA-ALCA.ORG, http://www.ftaa-alca.org/ftaadraft02/ngip1_e.asp#SECTION%201 (last visited Mar. 14, 2013).

211. See Maria Julia Olivia, *Intellectual Property in the FTAA: Little Opportunity and Much*

are largely aligned, albeit with minor differences. One of those differences is in the Requirement of Use, which under NAFTA allows a member country to cancel a registration after two years of non-use.²¹² Under the FTAA Draft Chapter, a country may cancel a registration after five years of non-use.²¹³ Another difference between NAFTA and the FTAA Draft Chapter is that whereas NAFTA does not address the use of Domain names, the Draft Chapter Does.²¹⁴

3. TPP

The Trans-Pacific Partnership (TPP) is an expanded version of the 2005 Trans-Pacific Strategic Economic Partnership Agreement, for which negotiations have been taken place since 2010.²¹⁵ Although the initial agreement included only Brunei, Chile, New Zealand, and Singapore, negotiations now involve eleven countries, including the United States, Mexico and Canada.²¹⁶ The goal of the TPP is to integrate the Asia-Pacific-wide region and to negotiate a “high-standard, 21st century regional agreement . . . [and] to include additional Asia-Pacific countries in successive clusters to eventually cover a region that represents more than half of global output and over 40 percent of world trade.”²¹⁷

Although TPP negotiations have been largely secretive, a draft of the TPP Intellectual Property Protections was leaked.²¹⁸ The TPP draft contains several

Risk, 19 AM. U. INT’L L. REV. 45, 61 (2003) (pointing out that the general provisions of the FTAA draft Chapter on Intellectual Property Rights are derived from other documents including NAFTA).

212. See NAFTA, *supra* note 21, at art. 1708(8) (stating that a trademark may be cancelled after two years of non-use). See also Samuels, *supra* note 142 (discussing the requirement of use of a trademark to maintain registration).

213. See *Free Trade Area of the Americas – FTAA: Second Draft Agreement, Chapter on Intellectual Property Rights*, *supra* note 210 (discussing Part II, Section 1, Article 9, Requirement of Use, which states that registration may be cancelled after five years of non-use).

214. See *id.* (discussing Part II, Section 1, Article 13, Domain names on the internet, and requiring parties to participate in the ICANN Uniform Dispute Resolution Procedure, and to make efforts for adequate administration of domain names).

215. See *TPP: Trans-Pacific Partnership*, SINGAPORE GOVERNMENT, (Apr. 26, 2012), available at http://www.fta.gov.sg/fta_ongoingneg_tpp.asp?hl=16 (stating that TPP formal negotiations started in March 2010).

216. See *The United States in the Trans-Pacific Partnership*, USTR.GOV, <http://www.ustr.gov/about-us/press-office/fact-sheets/2011/november/united-states-trans-pacific-partnership> (last visited Mar. 30, 2013) (listing the United States, Canada, and Mexico among the eleven countries involved in the TPP negotiations).

217. *Trans-Pacific Partnership Frequently Asked Questions*, OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE, <http://www.ustr.gov/sites/default/files/TPPFAQ.pdf>.

218. See Richard Chirgwin, *U.S. Trans-Pacific Partnership Proposal Leaked*, *The Register* (11 Mar. 2011) available at http://www.theregister.co.uk/2011/03/11/us_tpp_proposal_leaked/ (reporting the leak of the IP protections section of the TPP); see also *The complete Feb 10, 2011 text of the US proposal for the TPP IPR chapter*, KEIONLINE.ORG (Mar. 10, 2011, 6:49 PM), <http://keionline.org/>

provisions that are different than what NAFTA provides. Article 2.1 of the TPP proposal expands the mandatory scope of trademark protection by prohibiting parties to “require, as a condition of registration, that a sign be visually perceptible.”²¹⁹ NAFTA allows a party to require that sign be visually perceptible, as a condition of registration.²²⁰

Another difference between TPP and NAFTA is in Art. 2.4 of the TPP draft, which seems to expand the scope of trademark protection in NAFTA from prohibiting the use of “identical or similar signs for goods or services”²²¹ to a prohibition of the use of similar signs “for goods [and] services that are related to those goods or services in respect of which the owner’s trademark is registered.”²²² What the impact of this change is remains unclear. Presumably a good could be “related to” the trademarked good without being identical or similar to it. This would raise the possibility that a trademark will be used to cut off uses of marks that are not necessarily confusing consumers.

Like the FTAA Draft Chapter, the TPP draft addresses the use of domain names, where NAFTA does not.²²³

VI. CONCLUSION

Trademarks play a very important role in the commercial exchange between countries of the same or different continents and in both directions of the economic highway. This explains how critical it is to first study the legal framework that regulates trademarks and secondly to make sure that the provisions of such frameworks are upheld. As previously mentioned, Mexico has become an attractive “export platform” for the immense market of the United States and Canada aside from its own market. Particularly, Mexico is the bridge between two economic powers like the United States and the European Union. Furthermore, the trade agreements that it has entered with those superpowers offer the parties security and trust in their trades including trademarks.

This article allows us to observe the international efforts to judicially

sites/default/files/tpp-10feb2011-us-text-ipr-chapter.pdf (containing the full text of the leaked TPR IPR section).

219. *The complete Feb 10, 2011 text of the US proposal for the TPP IPR chapter, supra* note 218, at art 2.1.

220. *See* NAFTA, *supra* note 21, at art. 1708(1).

221. *Id.*, at art. 1708(2).

222. *The complete Feb 10, 2011 text of the US proposal for the TPP IPR chapter, supra* note 218, at art 2.4.

223. *See id.*, at art. 3 (providing dispute settlement based on principles established in the Uniform Domain-Name Dispute-Resolution Policy, and requiring online public access to a reliable and accurate database of contact information concerning domain-name registrant).

converge issues on trademarks that have been made by countries that regardless of having different legal traditions, have resulted in the acquisition of valuable results of judicial harmonization in this subject matter. This has been accomplished thanks to the organizations and international instruments discussed throughout this article.

Finally, considering at all times the protection of the two principal actors involved in trademarks, the trademark owner and the trademark users or consumers, under the rule of free and trustworthy competition, it would be an ongoing task to adjust the trademark normative to the reality of commercial flows, technological advances, and the trade in general.